Tampere University

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Climate Change as Problem of Direction and Pace of Transition

Large Finnish Business Actors' Identity, Interests, and Political Response Strategies to Climate Politics

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To my dearest Kristo, Anton & Amanda

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My childhood home was literally in the middle of a forest and nature was always present and influencing our day-to-day living. I became aware of climate change during my teenage years and the topic has not left me since. My interest in politics and political science derives from my mother who actively participated local and regional politics and often took me with her in various meetings to see how the decision-making took place in practice. Politics and issues of the world were always discussed in our home. To my parents, I want to say: You did everything right. Thank you mother for always discussing with me about everything in life. Thank you father for always believing in me whatever I have aimed for. You have always been interested in society and contributing to the community around you. You are educated, warm-hearted, and eager to participate in society's development and advancement. You taught me how important it is to be an active citizen, to take part in politics and stand for those values I believe in. I owe my success in life for the education and love you have given me.

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ABSTRACT

Climate change ranks among the top critical challenges threatening the well-being and development of societies today. To counter that threat, business actors are important societal actors whose responses to policies and interactions with other societal actors influence the possibilities of overcoming the climate change crisis. The role of business actors in climate politics has changed and grown since the 1990s as such politics have matured and as scientific evidence of the sources and effects of climate change has mounted. The role of Finnish business actors in climate politics, however, has not been widely studied.

In response to that oversight, this dissertation asks two research questions: first, how do large Finnish business actors construct political response strategies to climate politics, and second, how have the interactions of business and political actors shaped the identity, interests, and social realities of those business actors in the domain of climate politics? Understanding the ways in which Finnish business actors conceive the problem of climate change can help to answer both of those questions.

The theoretical and methodological frameworks of the study conducted for the dissertation derived from constructivist International Relations theory, which informed the three-step constructivist methodology used to answer the research questions. The first step involved inductively examining the social realities of Finnish business actors, whereas the interpretative second step, by way of discourse and practice analyses, entailed identifying the meanings of Finnish business actors' discursive and participation practices in climate politics. Last, the third step involved historically contextualizing developments in the actors' participation in climate politics. The methods were applied to primary research material collected from 18 interviews with representatives of multinational corporations, industry federations, and officials from Finnish government ministries, as well as from the political speeches, policy-related strategies, position papers, reports, and public statements of business actors.

The dissertation contributes to research on Finnish business actors in climate politics by focusing on how and why large Finnish business actors have been involved in such politics, in particular from 2008 to 2012, with reference to

international events and discourses, as well as developments in Finnish climate politics.

The study's findings suggest that climate politics has developed in response to societal actors' interactions that have shaped the identity, interests, and appropriate behaviors of business actors in particular. Regarding their identity, large Finnish business actors conceive themselves as partners of governments and economic and technological experts who can cooperate to overcome economic as well as technological challenges in society. Motivated by that identity, large Finnish business actors are interested in not only profiting and sustaining their businesses but also protecting their reputations and legitimacy in order to advocate policy that makes the outcomes of their long-term investments more predictable.

Last, for Finnish business actors involved in climate politics, appropriate behavior requires recognizing climate change as a scientific fact. Such actors have excelled at adapting to the rational, technology-driven approach of Finnish society, in which appropriate behavior in response to climate change involves prioritizing a discourse about market opportunities available by mitigating climate change instead of a discourse about the risks posed to the status quo and particular business interests. In Finland, business actors have formed a community of practice actively engaged in climate policymaking, which has not only unified their political response strategies to climate politics but also muted oppositional voices that could intensify debates on climate change. At the same time, the primary political response strategy of Finnish business actors in climate politics has been hedging—that is, protecting their businesses from adversarial regulation.

TIIVISTELMÄ

Ilmastonmuutos on eräs aikamme kriittisimmistä yhteiskuntiemme hyvinvointia ja kehitystä uhkaavista haasteista. Elinkeinoelämän toimijat ovat tärkeitä yhteiskunnallisia toimijoita haasteen voittamisessa. Heidän reaktionsa harjoitettuun politiikkaan sekä vuorovaikutus muiden yhteiskunnallisten toimijoiden kanssa vaikuttaa mahdollisuuksiimme voittaa ilmastokriisi. Elinkeinoelämän toimijoiden rooli ilmastopolitiikassa on muuttunut ja kasvanut 1990-luvulta lähtien ilmastopolitiikan kehittyessä ja tieteellisen todistusaineiston karttuessa ilmastonmuutoksen syistä ja vaikutuksista. Suomalaisten elinkeinoelämän toimijoiden roolia ilmastopolitiikassa ei kuitenkaan ole laajasti tutkittu.

Vastauksena tähän tutkimustiedon puutteeseen tässä väitöskirjassa esitetään kaksi kysymystä: ensinnäkin, kuinka suuret suomalaiset elinkeinoelämän toimijat muodostavat poliittisia vastausstrategioita ilmastopolitiikkaan ja toiseksi, kuinka elinkeinoelämän ja poliittisten toimijoiden vuorovaikutus on muokannut näiden elinkeinoelämän toimijoiden identiteettiä, intressejä ja sosiaalista todellisuutta ilmastopolitiikan alalla. Sen ymmärtäminen millä tavoin suomalaiset elinkeinoelämän toimijat määrittelevät ilmastonmuutoksen ongelman auttaa molempiin kysymyksiin vastaamisessa.

Sekä tutkimuksen teoreettinen, että metodologinen kehys perustuu kansainvälisen politiikan konstruktivistiseen lähestymistapaan. Tutkimuskysymyksiin vastaamisessa käytettiin kolmiaskeleista konstruktivistista metodologiaa. Ensimmäinen askel tarkasteli induktiivisesti suomalaisten elinkeinoelämän toimijoiden sosiaalisia todellisuuksia. Toinen, tulkitseva askel käytti diskurssianalyysiä ja käytäntöjen analysointia tunnistamaan suomalaisten elinkeinoelämän toimijoiden diskursiivisten ja osallistumiskäytäntöjen merkityksiä ilmastopolitiikassa. Kolmas askel asetti toimijoiden ilmastopoliittisen osallistumisen historialliseen kontekstiin. Tutkimusaineisto koostuu yhteensä 18 monikansallisten yritysten ja teollisuusjärjestöjen edustajien sekä suomalaisten ministeriöiden virkamiesten haastattelusta, poliitikkojen puheista ja ilmastopolitiikkaan liittyvistä poliittisista strategioista sekä elinkeinoelämän toimijoiden kannanotoista, raporteista ja julkisista lausunnoista.

Väitöskirja tuottaa tutkimusta suomalaisista elinkeinoelämän toimijoista ilmastopolitiikassa keskittymällä siihen, miten ja miksi suomalaiset elinkeinoelämän toimijat ovat osallistuneet ilmastopolitiikkaan, erityisesti vuosina 2008 – 2012, ja asettaa tämän osallistumisen kansainvälisten tapahtumien ja diskurssien samoin kuin Suomen ilmastopolitiikan kehityksen kontekstiin.

Tutkimuksen löydösten perusteella voidaan todeta, että ilmastopolitiikan kehitys on tapahtunut vastauksena yhteiskunnan toimijoiden vuorovaikutukseen, joka puolestaan on muokannut kaikkien toimijoiden ja erityisesti elinkeinoelämän toimijoiden identiteettiä, intressejä sekä sopivaa käytöstä. Suuret suomalaiset elinkeinoelämän toimijat määrittelevät oman identiteettinsä hallinnon kumppaneina sekä talouden ja teknologian asiantuntijoina. He ovat valmiita tekemään yhteistyötä ylittääkseen yhteiskunnan taloudellisia ja teknologisia haasteita. Tämän identiteetin motivoimana suuret suomalaiset elinkeinoelämän toimijat ovat kiinnostuneita paitsi oman liiketoimintansa kasvattamisesta ja ylläpitämisestä myös maineensa ja legitimiteettinsä suojelemisesta ja siten sellaisen ilmastopolitiikan edistämisestä, joka tekee heidän pitkän aikavälin investoinneistaan ennakoitavampia.

Sopiva käytös ilmastopolitiikassa vaatii suomalaisilta elinkeinoelämän toimijoilta ilmastonmuutoksen tunnustamista tieteellisenä faktana. Toimijat ovat menestyksellisesti omaksuneet suomalaiselle yhteiskunnalle tyypillisen rationaalisen, teknologialähtöisen lähestymistavan, jonka mukaan on sopivaa vastata ilmastonmuutokseen priorisoimalla diskurssissa ilmastonmuutoksen hillinnän tarjoamia taloudellisia ja kaupallisia mahdollisuuksia sen vallitsevalle tilanteelle tai tietyille liike-elämän eduille aiheuttamien riskien sijaan. Elinkeinoelämän toimijat Suomessa ovat muodostaneet eräänlaisen ilmastopolitiikan käytäntöjen yhteisön, joka aktiivisesti osallistuu ilmastopolitiikan tekemiseen. Yhteisö on paitsi yhdistänyt toimijoiden poliittisia vastausstrategioita ilmastopolitiikkaan myös vaientanut vastustavia ääniä, jotka voisivat kiihdyttää ilmastonmuutoksesta käytävää keskustelua. Samaan aikaan suomalaisten elinkeinoelämän toimijoiden pääasiallinen poliittinen vastausstrategia ilmastopolitiikkaan on ollut suojautuminen niiden omaa liiketoimintaa uhkaavalta haitalliselta säätelyltä.

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1 INTRODUCTION

Climate change ranks among the top critical challenges threatening the well-being and development of societies today. Although scientifically proven much earlier, climate change achieved wide recognition in the 1970s, has since appeared on the international political agendas of various events, and has justified the establishment of new institutions.[1] Such events have included the first World Climate Conference in 1979, establishing the Intergovernmental Panel on Climate Change (IPCC) in 1988, and the Rio Conference in 1992, at which the first international agreement on climate change, the United Nations Framework Convention on Climate Change (UNFCCC), was approved (Okereke, Wittneben, & Bowen 2012, 8).

Though mostly sidelined in earlier phases of international environmental politics in the 1960s and 1970s (Falkner 2008, 11; Falkner 2012, 520), large businesses have since been actively involved in international climate politics and enjoyed direct contact with the secretariat of the Rio Conference in 1992 (Schmidheiny et al. 1992). Since then, the involvement of large business actors in climate politics has not only expanded but also become formalized (e.g., Clapp 2005b, 285; Vormendal, 2008). In the process, however, business actors' attitudes toward climate change and political response strategies to the climate politics have varied and evolved as global climate politics has matured. In the 1990s the Global Climate Coalition (GCC) assembled an influential group of large business actors to oppose international and domestic regulations on greenhouse gas (GHG) emissions as well as to spread skepticism about climate science (e.g., Levy & Egan 1998; Meckling 2011). At the same time, the World Business Council for Sustainable Development (WBCSD) promoted a different approach by advocating cooperation with all societal actors and advancing best practices and eco-efficiency among business actors (WBCSD 2006a).[2]

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[1] Following broad scientific consensus (e.g., IPCC, 2014; NASA, 2017) on its causes and effects, I take the idea that climate change is a human-caused phenomenon for granted and, given the dissertation's focus on actors and policies in mitigating climate change, do not scrutinize its origin.

[2] The term *societal actors* refers particularly to governments, businesses, and nongovernmental organizations.

As the science of climate change has advanced and climate change as a question of policy has matured (Pinkse & Kolk 2009, 31), business actors have adopted various political strategies in climate politics. With those strategies, they have become involved in shaping global climate governance and in modifying discourses that guide global as well as local policymaking about climate change. Whereas they have shaped global climate governance by pursuing private initiatives and voluntary measures (Clapp & Meckling 2013, 298–299), in modifying the discourses—for example, on sustainable development, ecological modernization, and green growth (e.g., EK 2010; WBCSD 1997; 2001a)—they have influenced the shared beliefs of actors that are crucial for functioning social systems (Kratochwil 2008, 444).

Business actors are important actors in environmental politics, given both the direct, substantial impact of their operations on the environment and their potential as creators of change and solutions for environmental problems (Clapp & Meckling 2013, 287–288; Levy & Newell 2005, 1). In response to climate change, business actors play an exceedingly substantial role due to significant GHG emissions caused by industries (Clapp & Meckling 2013, 287) and the interdependence of economic development and energy production. The latter element makes the macroeconomic impact of mitigating climate change potentially more significant than that of tackling other global environmental problems (Levy 1997, 56).

Although the interests of business actors in climate politics relate fundamentally to the economic aspects of policymaking, various responses to climate change among industrial sectors and firms indicate a range of other or more specific interests in allaying the threat (Clapp 2005b, 289). That dynamic has inspired this dissertation, the major aim of which is to clarify the political strategies that business actors pursue in climate politics. The study conducted for the dissertation thus involved investigating how business actors form their identity as well as interests and what behaviors are expected from them in climate politics.

Focusing on business actors in four industrial sectors and on eight large firms in Finland, the study had the aims of elucidating why those business actors have chosen certain response strategies in climate politics and of identifying the differences and similarities of the strategies. Finland served as the context for the study not only to limit the scope of the research but also, and more importantly, to contribute knowledge about the involvement of business actors in climate change politics in a context not yet examined. In the process, the research also entailed examining how Finland's political and cultural context has shaped the identity, interests, and response strategies of Finnish business actors in the domain of climate politics.

In earlier studies on the political response strategies of business actors to climate change, researchers have identified how business practices in general have influenced global climate policymaking (e.g., Falkner 2008; Levy & Newell 2005; Meckling 2011, 2015; Pinkse & Kolk 2009). Concentrating on Finnish business actors' involvement in climate politics in particular, by contrast, can illuminate how certain political and cultural contexts can shape the strategies, identity, and interests of business actors in climate politics. To date, scholars have not studied business together with climate politics in Finland. [3] Research on Finnish business actors in environmental politics has concerned topics such as mining (e.g., Mononen & Suopajärvi 2016; Sairinen 2011; Tiainen, Sairinen, & Sidorenko 2015) or forestry (e.g., Kivimaa & Mickwitz 2004; Luukkanen 2003; Näsi, Näsi, & Phillips 1997; Teräväinen 2010; Tirkkonen 2000) or else regarding business activities with environmental ramifications in general (Kautto, 2006; Sairinen & Teittinen, 1999).

The particularities of Finland's engagement in climate politics arise from several circumstances related first to Finland's political culture and history, second to its economic structure, and third to its natural resource base. First, in terms of political culture and history, Finland is a small but prosperous EU member country in the Global North with a history of corporatist policy preparation, a democratic multiparty system, and a political culture in which achieving consensus and compromising are highly valued principles. Scholars such as Kerkkänen (2010), Ruostetsaari (2010), Teräväinen (2012), and Tirkkonen (2000) have thoroughly described the context of policymaking regarding climate and energy in Finland. Of particular interest in the study presented here were thus the close relations of different actors in a small country, as well as the ways in which the close interaction of public and private actors has influenced the outcomes of regulations and the political strategies of business actors. From the perspective of International Relations (IR), Finland, as a small country, can exemplify how less powerful actors on the international stage function in addressing a global problem and the possible advantages and pitfalls of that role.

Second, in terms of its economic structure, Finland's close ties with the free, open global market mean that its well-being, much like that of Sweden and Iceland, depends upon the global competitiveness of its firms and industries in the current capitalist system. That close connection exerts pressure on Finland's domestic

[3] Exceptions include Heikkinen's (2014) dissertation, which focused on Finnish business actors' commitment to climate change mitigation.

climate regulations and shapes the abilities of its business actors to take the climate and environment into account without forgoing competitiveness. In Finland's energy-intensive but modern industrial base, GHG emissions per capita are high, though, on the global scale, its industrial processes are generally quite efficient. In turn, those features have shaped the identity and interests of Finland's energy-intensive as well as energy-producing industries in international and EU-level climate politics.

Third, in terms of Finland's natural resources, its chief asset—forests—not only determine the country's industry and production of renewable energy but also shape the priorities of Finnish actors in climate politics. The influence of forests in Finland is so significant that studying Finnish actors and climate politics would be impossible without considering the role of Finland's forest industry and forest-related policies.[4]

Vogel (1996b) has stressed that business actors matter in capitalist societies because many complex problems, including environmental ones, cannot be solved by governmental actors alone. For that reason, he has also stressed the importance of understanding the relationship between business and government (Vogel 1996b, 146–147). In any capitalist society, the state and business actors in the society are invariably inseparable, since the capitalist system can survive only if the economy continues to grow and to accumulate capital, in which both the state and business actors play key roles (Newell & Paterson 1998, 691). To realize the ultimate goal of any democratic capitalist state—namely, public welfare—the state needs business actors to pursue economic activities in the society (Vogel 1996a, 245, 247). At the same time, business actors need a well-functioning, appropriately regulated society to be able to fully operate. In particular, business actors rely on governments to protect property rights, manage sound currency, enact reasonable regulations and taxes, and defend their interests in the world economy. The relationship of business actors and governments is thus interdependent and a source of power for both sides (Vogel 1996a, 247). Examining the balance of regulations and the level of welfare that businesses, by virtue of their profitability, can guarantee a society is therefore essential to determine the interests of both public and business actors in certain fields of policy.

Observers can also examine the relationship of business and governmental actors by examining what behaviors are deemed appropriate in their interactions, in which all such actors play different roles and defend different interests. Current norms and

[4] Since the forest's supreme importance to Finland's economy as well as environmental and climate policy warrants a separate comprehensive study on how it affects Finnish climate politics, I do not examine the topic thoroughly in this dissertation.

appropriate behaviors of business actors in society relate closely to their day-to-day practices such that, if requiring firms to react urgently to certain developments (e.g., climate change) is not a current norm, then a more pressing policy of interest will take priority. For example, when climate change peaked on the agenda in 2006–2009, many large firms and industry federations actively responded to climate change by devising strategies and responses to climate change. However, after the Copenhagen Conference in 2009 failed to achieve international agreement amid an economic recession in the Western world, climate change became marginal on the political agenda and partly lost its urgency in the plans and strategies of business actors. In political matters, businesses act largely according to agendas that they cannot control. Since making profit, not policy, is the chief concern of business actors, they tend to react to instead of incite major changes and events in the political sphere. Indeed, in 2009, as economic worries outranked climate hazards on global political agenda, they also took priority on the agendas of businesses.

1.1 Business Actors in Studies on Environmental and Climate Politics

A particular focus of earlier studies on how business actors engage in climate politics has been on the fossil fuel industry (Levy & Kolk 2002; Newell 2000; Pulver 2007; Rowlands 2000; Skjaerseth & Skodvin 2001; 2003). The studies have presented a complex of starkly different political strategies that companies in the industry have mobilized in response to climate change (Skjaerseth & Skodvin 2001, 44). Such studies have also highlighted differences in the reactions of large U.S. and European fossil fuel firms (Levy & Egan 2002; Levy & Newell 2000; Rowlands 2000; Skjaerseth & Skodvin 2001). Overall, research on business actors in climate and environmental politics has similarly focused on multinational firms, in particular those based in the United States and, to a lesser extent, in Europe or elsewhere (Coen 2005; Jones & Levy 2007; Levy & Kolk 2002; Levy & Newell 2000; Meckling 2011). The importance of such research stems from the significance of large corporations in the global economy, their dominance in sectors with significant impacts on the environment (Clapp & Meckling 2013, 287), their influence in the development and implementation of feasible international climate agreements (Skjaerseth & Skodvin 2001, 62), and their centrality in IR, hence the need to elucidate how they can make a difference and exercise their political power in climate and environmental politics (Falkner 2008, 11). Although the study conducted for this dissertation also focused

on large business actors, its scope specified multinational businesses that, though large in their domestic economies or even in global niche ones, are small players compared to giant multinational corporations. The study therefore focused on pinpointing the strategic options in response to climate change for business actors of that size operating in Finland's particular political and cultural context.

Studies on business actors' political strategies to counter climate change and other environmental problems have demonstrated remarkable growth during the past decade, among researchers in the social sciences and management studies alike (Andrée 2005; Falkner 2005, 2008; Kolk & Pinkse 2007; Levy 2005; Levy & Kolk 2002; Levy & Newell 2005; Meckling 2011; Okereke et al. 2012; Pinkse & Kolk 2009; Porter & Reinhard 2006, 2007). Nevertheless, whereas the role of businesses in IR and politics began to attract increasing interest in the 1970s and only gained ground in research in the 1990s (Falkner 2008, 11; Stripple & Stephan 2013, 148), the topic of climate change in management studies appeared on the radar only in the 2000s (Okereke et al. 2012, 8–9). Consequently, no matter the number of studies already conducted on the topic, businesses as political actors in climate change policy continues to present numerous unexamined avenues for researchers.

An important development in research on international environmental politics since the mid-1990s has been the emergence of global environmental governance as an overarching theme. The vast amount of research on the subject (e.g., Avant, Finnemore, & Sell 2010; Biermann & Pattberg 2008; Bäckstrand 2008; Cashore 2002; Clapp 2005a; Cutler 1999a, 1999b; 2002; Falkner 2003; Levy & Newell 2005; Paterson 2010; Paterson, Humphreys, & Pettiford 2003; Pattberg, 2005) has incorporated various earlier "discussions on Intergovernmental Organizations (IGOs), regime theory, the implementation of environmental agreements at the national level, private (business and civil) self-regulation, social movements, questions about transparency and legitimacy in international negotiations, legal obligations, and other forms of steering such as codes of conduct or standards" (Stripple & Stephan 2013, 147). Such topics are of interest in analyses of business actors in climate politics because many studies on global environmental governance have "drawn attention to a new set of global actors in global politics" (Stripple & Stephan 2013, 147), including business actors in climate politics.

Power in global governance (Barnett & Duvall 2005), as well as the different forms of power that business actors have in politics, has also attracted the interest of researchers (Bell 2012; Fuchs 2004, 2005, 2007; Fuchs & Lederer, 2007). Therein, a central research track focuses on corporate social responsibility in connection to

environmental concerns and the accountability of business actors in global politics (e.g., Bäckstrand, 2008; Newell, 2005a, 2005b, 2008; Newell & Frynas, 2007).

Although several studies have identified various strategies of influence that business actors commonly use to sway climate policy and governance (Clapp & Meckling, 2013, p. 298) in diverse industrial sectors (Okere & McDaniels, 2012; Paterson, 2001; van der Woerd, de Wit, Kolk, Levy, Vellinga & Behlyarova 2000), differences and similarities in those strategies remain underexamined, even despite groundbreaking analyses on conflicts that business actors pose for such policy and governance (Clapp & Meckling 2013; Falkner 2008; Meckling 2011).

Particularly absent has been analyses on the formation of business actors' strategies and interests in relatively small states and analyses that account for the often divergent views of large corporations and key industrial sectors. Whereas research on the roles and strategies of business actors in international climate policymaking can clarify their various motivations, identity, and interests to a certain extent, investigating the involvement of business actors from a domestic perspective can afford a more profound understanding of how political and cultural contexts, as well as interactions at the local level, influence how business actors approach climate politics.

Research on climate politics in Finland has gained ground since the late 1990s (Kerkkänen 2010; Sairinen & Teräväinen 2017; Savolainen, Haaparanta, & Järvelä 1997; Teräväinen 2012; Tirkkonen 2000) and often addressed energy policy by posing questions about nuclear power and bioenergy, both of which have attracted considerable interest due to domestic political developments (Kojo 2004; Kojo & Litmanen 2009; Peltola 2007; Ruostetsaari 2010; Teräväinen, Lehtonen, & Martiskainen 2011). Aside from studies on nuclear power, others related to the environment, climate, and business actors in Finland have addressed mining (Mononen & Suopajärvi 2016; Sairinen 2011; Tiainen, Sairinen & Sidorenko 2015), forest industries (Kivimaa & Mickwitz 2004; Luukkanen 2003; Näsi, Näsi & Nelson 1997; Teräväinen 2010; Tirkkonen, 2000), and environmental questions in business activities in general (Kautto, 2006; Sairinen & Teittinen 1999).

Given Finnish society's corporatist tradition, much of that research has addressed the role of industrial sectors and their advocacy organizations (Ruostetsaari 1998, 2010) more than the role of particular firms. Though significant Finnish business actors such as Nokia have gained attention for their activity in environmental policymaking (Kautto, 2008, 2009) and despite the interest of various researchers in business and environmental politics in Finland, the strategies and involvement of large Finnish business actors in climate politics in the 2000s remain unexamined,

except for in Heikkinen's (2014) dissertation in management studies. In other studies on management, research topics on business and the environment remain general (e.g., Heiskanen & Halme 2004; Kautto 2008, 2009; Lovio,1995). In response to that gap in knowledge on the role of business actors in Finnish climate politics, the study conducted for this dissertation focused on developments in such politics from 2000 to 2014, with reference to some events from the 1990s. More specifically, it addressed the political response strategies of those business actors at the turn of the decade—that is, from 2008 to 2012.

The relationship of business actors and climate politics will no doubt remain significant in the coming years and decades due to recent and forthcoming international and domestic developments not considered in this dissertation. Regardless of developments in international relations, the international agreement on climate change ratified in Paris in December 2015 took force at record speed on November 4, 2016 (UNFCCC n.d.b.). The implementation of the agreement will likely prioritize climate politics on the global agenda in the decades to come. It will also markedly influence business actors' operations by increasing regulatory pressure not only from governments but from other societal actors as well. In the European Union, the process of developing new climate and energy legislation that commenced in 2014 ended in December 2017 (European Commission Climate Action 2017). In the interval, the Finnish Parliament in June 2015 passed a climate change act (see, Ilmastolaki) that has in particular affected the practices of climate policymaking and will continue to shape the domestic development of climate policy in the future. Because all of those circumstances will likely influence business actors' strategies for engaging in and preparing for the development of climate policy, they stress the need to study the current and future identity, interests, and influences of business actors in climate politics.

1.2 Research Questions and Design

To understand how business actors have shifted their engagement in the politics of environment and climate change from 2000 to 2014, in particular from 2008 to 2012, as well as to identify their practices in policymaking processes and what those practices mean to different business actors, the research conducted for this dissertation sought answers to two major questions. One, how have large Finnish business actors constructed their political response strategies in climate politics? Two, how has the interaction of business and political actors shaped the identity,

interests, and social realities of large Finnish business actors in such politics? Answering both questions required first understanding how Finnish business actors characterize the problem of climate change and which political strategies they deem to be appropriate in response.

The theoretical and methodological frameworks of the study conducted for this dissertation derived from constructivist IR theory (Adler 1997; Adler & Pouliot 2011a; Pouliot 2004, 2007, 2010a, 2010b, 2013), which informed the three-step constructivist methodology, including a practice theory approach (Adler & Pouliot 2011a) and discourse analysis (Hajer 1995; Mikola & Häikiö 2014), used to answer the research questions (Pouliot 2007, 2010a, 2013). The first step involved inductively examining the social realities of Finnish societal actors (Pouliot 2010a, 66; Pouliot 2013, 48), whereas the second, interpretative step, by way of discourse analysis (Hajer 1995; Mikola & Häikiö 2014) and practice analysis (Adler & Pouliot 2011a), entailed identifying how those actors have interpreted policymaking practices and climate politics. Last, the third step involved historically contextualizing developments in the actors' participation in climate politics (Pouliot 2007, 372–373; Pouliot 2010a, 72–78; Pouliot 2013, 51–54).

The dissertation contributes to research on Finnish business actors in climate politics by focusing on how and why large Finnish business actors have engaged in such politics, in particular from 2008 to 2012 compared to the 1990s, with reference to international events and discourses, as well as developments in Finnish climate politics. The scope of the study directed attention to the identity, interests, and political response strategies of business actors in order to illuminate what has been deemed to be their appropriate behavior and practices in climate politics. These are looked at the context of international events, discourses, and interactions with other societal actors. As a result, the findings of the study can clarify how the practices and discourses of business actors in climate politics have developed, as well as the meanings given to those practices in the political advocacy of business actors.

The study's findings indicate that what constitutes appropriate behavior for business actors and thus their social realities, identity, and interests have shifted as climate politics has evolved since the 1990s, though the primary analysis focused on such changes at the turn of the most recent decade—that is, from 2008 to 2012. Although climate politics has evolved amid the interactions of societal actors whose discourses and practices have also changed, climate politics itself has not, however, been able to alter the overarching economic system or its pre-eminent position in society's decision-making practices. Economic health has remained the chief driver of today's societies and their decision making, even if environmental threats have

received increasingly more consideration, and the different understandings of various societal actors about the nature of climate change continue to heavily influence policy-making. Whereas climate change has been conceived as a global problem of excess GHG emissions in multilateral climate governance between states (Hoffmann 2013, 11), for business actors the problem has derived from market failure – namely, the lack of a global price of carbon emissions – or from a problematic transition to a system other than the current one (e.g., decarbonization via technological solutions, depending on the industry). Consequently, variation in the conceptualization of climate change problem has affected the possibilities of society to respond to climate change.

Common among research drawn from constructivism (e.g., Adler 1997), the study's limitations relate to its temporal character, meaning that its findings, especially from interviews conducted in 2012, can describe only the period when research materials were collected. The findings may not be freely generalized also due to the ongoing development of international climate politics, which has transformed remarkably since research material collection for the study. Though, the world has continued to evolve, understanding the historical development of the business-based perspective on and characterization of climate change remains pivotal as societies continue to depend significantly upon business actors to assist with mitigating climate change.

1.3 Structure of the Dissertation

The first part of the dissertation, entirely in Chapter 2, presents the theoretical and methodological underpinnings of the study. It first introduces constructivist IR theory and that theory's understanding of how the identity and interests of actors develop amid their interactions with other actors in society. Next, it describes the constructivist methodology, developed primarily by Pouliot (2004, 2007), and its three steps of analysis, including discourse and practice analyses (Hajer 1995; Mikola & Häikiö 2014). Last, the chapter ends by explaining the methods of research material collection and analysis applied in the study.

The second part of the study consists of three analytical chapters and a concluding chapter. Chapter 3 examines the different characterizations of climate change maintained in society, after which Chapter 4 describes the development of climate politics since the early 1990s, including its guiding discourses, as well as its influence upon business actors' strategies in response to such politics. In that

chapter, each section introduces that development at a certain level of climate politics, from the global to the European to the Finnish.

Next, Chapter 5 answers the research questions regarding the identity, interests, and response strategies of Finnish business actors and their appropriate behavior in Finnish climate politics. Chapter also introduces discursive and other policymaking practices that the actors have used or been engaged in, discusses why Finnish business actors have been more likely to adopt certain political strategies instead of others, and pinpoints practices that the actors have considered to be particularly Finnish and influential for their response strategies and behaviors thought to be appropriate.

Last, Chapter 6 summarizes the study's findings and articulates answers to the research questions. It closes by pondering the merits and demerits of the research design, as well as topics and themes for further research.

2 THEORETICAL AND METHDOLOGICAL BACKGROUND

2.1 Understanding Business Actor's Role in Climate Politics through IR Theory

The interest towards business actors in climate politics originates from the observation that various international business groups during the first decade of the 2000s seemed to be campaigning for more action in climate change mitigation instead of blocking it or denying the climate change phenomenon altogether, as had been the case during the early years of international climate politics. Business organization like the World Business Council for Sustainable Development (WBCSD) or business initiative like the United States Climate Action Partnership (USCAP) were examples of large, multinational corporations (MNCs) undertaking action on behalf of climate change mitigation and stricter governmental and international regulation on the issue (see, e.g., USCAP 2007, 2009; WBCSD 2007c). This action seemed to be in direct conflict with the earlier practices of large business actors, especially from sectors directly affected by climate change regulation, such as fossil fuel, car and chemical industries (see, e.g., Levy 1997; Levy & Egan 1998; Levy & Kolk 2002; Newell 2000). The change of the approach was not unique for multinational business actors on the global level or the U.S.-based firms only, but a similar change happened among Finnish business actors approach to climate politics in the turn of the millennium when they understood that Kyoto Protocol would indeed come into force.[5] To understand better why business actors had changed their course towards more active stance in climate politics and why they now liked to portray themselves as *solution providers* instead of *troublemakers*, an approach in IR theory that would help to explain this was needed.

The big question, when analyzing business actors in a political context, is can we take their interests and motivations granted? Is it possible to say that business actors only have exogenously given interests of profit maximizing and their actions should

[5] Interview with a representative of an industry federation.

always be analyzed from this perspective? Because of posing this question, using constructivist IR approach became a viable and attractive choice for two interlinked reasons: Firstly, through constructivist approach it is possible to analyze business actors as social actors whose identity and interests are not exogenously given but which evolve through the interaction of various actors in society (Adler 1997, 325). Secondly, constructivism can consider business actors also as political actors whose actions shape the social context they are part of (Sell & Prakash 2004). A key reason to deviate from traditional, rational and positivist, IR theories is then their lack of capability to analyze business actors as social actors, whose interest and identity could be explained more precisely than only exogenously given and permanent. Rationalism and rational choice remain a dominant style of reasoning in the field of IR (Pouliot 2010a, 56) but seeing business actors' actions only through these premises does not give wholesome answers to the questions that this study aims to find answers. Aside from Political Science, research on business actors' engagement in public affairs has been conducted mostly in the fields of International Political Economy (IPE), Law, and Economics, in which rational and materialist theories also have dominated the studies (Hofferberth, Brühl, Burkart, Fey & Peltner 2011, 206).

Rationalist studies that have looked at the change in business actors' behavior have found that the change is due to (instrumental) benefit that the new kind of action might bring to them. Various studies on business actors' participation in the Corporate Social Responsibility (CSR) initiatives have pointed out the primary motivation of business actors is firstly, to avoid the critic from the civil society, secondly, to avoid further regulation from the government, and thirdly, a possibility to have a positive business impact (Haufler 2001; Hofferberth, Brühl, Burkart, Fey & Peltner 2011, 207). Even if these findings were correct, they lack analysis on the changes that might have happened in the interests of business actors during the processes of participation in these initiatives. Thus, they do not take into account the possibility of the endogenous development of the interests and identity of business actors.

The ontology of rational theories is the world of "pre-given and calculating individuals" (Pouliot 2010a, 56), who rationally pursue their aims and can only realize the beforehand-defined preferences (Hofferberth, Brühl, Burkart, Fey & Peltner 2011, 208; Palmujoki 2011, 82).[6] A rationalist researcher uses a language of cost-

[6] The most significant dividing lines between the various IR approaches come not only through the language they use but also through their different epistemological and ontological starting points (Adler 1997; Pouliot 2007; Smith 1996, 13). Epistemology, e.g., a theory of knowledge, is about what and how people can know about things and what kind of knowledge is real knowledge; ontology is

benefit calculations and expected utility of actor behavior (Pouliot 2010a, 56). Instead, rationalist theories rarely consider questions about the influence the relations between social actors has on the choices the actors make. Epistemologically rationalists base on positivism, which in IR has usually four implicit, deep assumptions: naturalism, objectivist position, belief in universal laws and empiricist epistemology.[7] Rationalists believe in the unity of science, in which natural scientific methods could be used in analyzing the social world. "Facts" for the rationalists are theory-neutral by making as well as distinguishable from values. For them, natural-world-like regularities exist also in social world and are explicable by using strict methods. The "real enquiry" for rationalists is founded on empirical validation or falsification. (Smith 1996, 15.) Differences between the constructivist and rationalist theories' ontologies are taken a closer look in the following sub-sections.

Constructivism was selected as the theoretical background for the study for its ability to analyze also other than state actors in international politics, to examine deeper the formation of identity and interests of social actors, and through this, to explain the change that has been taking place in the behavior of business actors. Some constructivists criticize rational starting points and reject the single scientific method as the only means to gain knowledge. They question the aim "to formulate objective, empirically verifiable truth statements about the natural and social world" (Reus-Smit 1998, 261). In addition, they deny the possibility of value-neutral theorizing and challenge the ontology of rationalists by emphasizing actors' identity as socially constructed and the significance of the identity to the formation of their interests and activities. (Ibid.) Instead of taking business actors only as rational profit-maximizers, it is possible to look at the interaction of governmental and business actors and search for explanations for the changes in both actors' behavior (Hofferberth, Brühl, Burkart, Fey & Peltner 2011; see also Avant, Finnemore & Sell 2010, 1-9). Traditional IR theories of neo-realism and neo-liberalism base on the idea that states are the primary agents in the international political arena and have had less interest in understanding and explaining the new political role of business actors

about what reality is and what kind of things are real (University of Jyväskylä n.d). Ontology and epistemology, together with methodology, define the "researcher's style of reasoning" (Pouliot 2010a, 53; 55). Since international politics is not directly perceptible to the senses, ontological and epistemological assumptions are the basis for different and contested theories, they are "what the theorist 'sees'" (Wendt 1999, 5). This leads to the situation, in which theories will always influence the way observations in empirical work are made since empirical, ontological and epistemological questions are all bound together, as the answers to the question "what causes what?" is dependent on answering first "what is there?" and "how should we study it?" (Ibid.)

[7] See fn. above.

that has become evident during the 1990s and 2000s. Avant, Finnemore, and Sell (2010, 4-6) point out globalization, privatization and technological change as developments that have considerably affected the conditions in which governing happens in today's post-cold war world. All these developments have advanced the role of business actors in both global economy and international politics and made them vital political actors whose role in finding the answers for global environmental problems is decisive (Avant, Finnemore & Sell 2010, 4-6; Falkner 2008, 4).

Obviously, constructivism neither is a perfect approach but has its shortcomings and areas that can be developed in analyzing business actors as political actors. Regardless of the earlier claim about constructivism being a better approach to study business actors as political actors, both Kollman (2008, 401) and Hofferberth, Brühl, Burkart, Fey & Peltner (2011, 206-7, 214) point out that constructivist IR theory has lacked the analysis of business actors as study objects, even when the understanding of business actors not only economic but also as political actors has grown. The lack of constructivist analysis of business actors is surprising as there have been various signs of changes in norms that guide business actors' behavior, which rationalist analyses have not explained well. Kollman claims that the reason for the lack of constructivist analysis relates to the point that "political scientists have traditionally held a somewhat myopic view of business actors as simple profit seekers" (2008, 397). Hence, also constructivists have been responsible for taking granted the business actors' interests and motivations. Kollman reminds that even when the profit motive remains important in understanding business actors' behavior it is not the only norm shaping their actions. However, various constructivist studies have played out the motivations of nongovernmental organizations (NGO) basing on principled beliefs whereas business actors are seen "motivated by the instrumental pursuit of profit maximization." (Kollmann 2008, 397-398.) This division has led political scientists to believe there is nothing more to explain in business actors' motivations or that no change in their interests could be happening over time. (Ibid, 398.) Sell and Prakash (2004, 150) have made a similar finding as they criticize constructivists subscribing to a narrow conception of norms and motivations, which "tend to focus and insist upon distinctions between instrumental and affective bases of action [whereas] broad conceptions…would include any argued or constructed notion of reality".

Sell and Prakash aim to overcome the bifurcation of "ideas" and "interests" that reflects a traditional "rationalist/materialist versus constructivist/normative 'divide' in IPE scholarship" (2004, 150). They point out that every idea includes an interest and that normative ideas guide interests. Instead of claiming that everything matters,

they "seek to identify key competing ideas in a debate, whose interests they serve, how they are promoted, and how effectively they are deployed. Even seemingly instrumental actors are motivated by normative considerations" (Sell & Prakash 2004, 150). This leads to the understanding that the analysis of operations of business advocacy networks cannot be separated from those of NGO networks on the basis that only material interests would motivate business actors and normative considerations NGOs. Instead, both actors can be found to be motivated by both, "instrumental" and "principled" interests. (Ibid, 148-149.) Sell and Prakash (2004, 150) note that the narrower conception of norms contains a set of assumptions about being progressive or altruistic. Those constructivists who endorse the narrower version routinely use the "norms" label only on the perspectives that they favor. As analytically there is no reason for this limitation, it makes constructivism prone to be more normative than analytic implicitly and limits the possible topics of analysis. (Ibid.) Usually, instrumental and normative motivations are closely linked, as Kratochwil has pointed out: "An action or belief is commonly called 'rational' when it 'makes sense' to act in that way. At the same time rationality is bound up with normative discourse because 'to call something rational means then to endorse it in terms of some norm or moral feeling that permits it'". (Sell & Prakash 2004, 150 quoting Zehfuss 2001, 65)

Constructivists are not the only ones who have had difficulties to see past the instrumental motivations of business actors in explaining their activity on political realm. Similar to those constructivists starting from the narrow version of norms and motivations, also historical materialists and neo-Gramscians, given the very basis of their theoretical presumptions, are commonly unable to consider business actors from any other perspective than as the carriers of capitalist interests, on which their identity and interests are tightly signed (e.g., Gill & Law 1989; Levy & Egan 1998). The position rises from neo-Gramscian approaches' focus on the "role of counter-hegemonic political forces in the global order – that is, on the various groups which are opposed to a world system which produces among other things massive global inequalities and damage to the natural environment" (Linklater 2005, 128). Historical materialism is one of the strands of critical theories that aim to answer the question: "How the existing global political and economic order came into being and whether it might be changing?" (Ibid, 129.) Given their historical roots in Marxists theories, neo-Gramscian or historical materialist theories are, thus, not normatively free to look at business actors' motivations from other than critical perspective. Especially the research conducted on business actors in the field of IPE commonly use either these or rational theories. Even though many of the analyses made by scholars

claiming to be historical materialists or neo-Gramscian, are eye-opening and commendable for understanding better the role of business actors in climate politics, I choose not to rely solely on their analysis to understand all the motivations that business actors have in engaging in climate politics. This study, thus, aims for a more nuanced and broader perspective of business actors' interests and motivations in climate politics.

2.2 Constructivist IR Theory

2.2.1 Constructivism and Differences of Rational and Critical Ontologies

Constructivism's lack of analysis of business actors might be linked to its history as the challenger of the traditional IR theories in explaining the dynamics of the global change after the Cold War. Constructivism in IR was born in the late 1980s as a part of one of the "inter-paradigm debates of IR field" (Waever 1996, 150), where it was positioned between the "rationalists" and "reflectivists" (Keohane 1988, 381-382).[8] In this debate between "rationalists" and "critical theorists", some constructivists aimed to put themselves in "the middle ground" (Adler 1997) and others considered themselves as belonging to the critical theorists (Price & Reus-Smit 1998, 260). Decades of domination of the positivist approach led to a situation, in which an uncontested set of positivist assumptions was accepted implicitly within the discipline, and that inhibited the debate over the characteristics of the world and their explanations. The "empiricist epistemology" also dictated what could be studied within the international theory, because it defined the real issues in international relations. (Smith 1996, 11) Critical theorists questioned this hegemony of positivism in the "Third Debate" of IR in the 1980s and 1990s. Otherwise diverse group of critical theorists were united in this shared rejection of positivist assumptions and in an attack towards the traditional IR theory. (Smith 1996, 12) Constructivism has its roots in the critical theory of the Third Debate and, hence, some elements of the critic towards rationalist approaches are common for critical theorists and constructivists alike (Price & Reus-Smit 1998, 260).

Constructivist approach in IR has deep roots in the development of sociology and especially sociological institutionalism (Reus-Smit 2005, 194), which was the first to point out the importance of norms and culture in international life and challenge many arguments of liberal and realist IR theories (Finnemore 1996, 325). The scholars of sociological institutionalism emphasize the role of institutions in shaping the preferences and interpretations of the actors embedded to them (Meckling 2015,

[8] Rationalist approaches of IR theories most often refer to realism, neo-realism and neo-liberal institutionalism. Reflectivists' are also commonly called "post-positivists" (Smith, Booth & Zalewski 1996) or "critical theorists" (Price & Reus-Smit 1998). The reason for this is that non-constructivist critical approaches include various theories, such as postmodernism, poststructuralism, Critical Theory in Frankfurt School sense, and feminist theories (Adler 1997, 319-320; Smith 1996, 12).

20). Constructivism's emphasis on empirical analysis sets it apart from the early critical IR theories concerned more on abstract philosophical arguments. This has enabled it to analyze "human discourse and practice beyond the narrow confines of international relations theory" (Reus-Smit 2005, 195). Constructivism gained ground after the Cold War for various reasons: Firstly, constructivist scholars took the challenge that critical theorists resisted and developed modes of analysis that were able to explain international relations substantively instead of sticking into plain theoretical critique. Secondly, the end of the Cold War gave room for alternative explanatory perspectives and theories the traditional IR theories were not able to provide, as they had not been able to predict the development. Thirdly, a new generation of young scholars innovated concepts and empirically developed the theory basis for IR. They not only revisited old research questions of traditional IR theories but also took over new ones such as the role of non-state agency and human rights. Fourthly, constructivism was able to move from margins to the mainstream by the help of enthusiastic mainstream scholars, who embraced new perspectives after the failure of traditional approaches to explain the change that had taken place. (Reus-Smit 2005, 195-196.)

Ontologically and epistemologically, rationalist and constructivist IR theories have very different perspectives on the reality of ideas. In constructivist theory, social reality unfolds through meanings and functions attached to physical objects through collective understandings, such as norms. The difference from rationalist theories is that for rationalists, ideas only reflect the material world and give grounds for material causes instead of constructing and structuring social reality. (Adler 1997, 324.) Constructivists believe that both reality and knowledge are socially constructed, which means that both what we can know about reality and what we can claim about knowledge are socially – or "intersubjectively" – defined. Therefore, even when constructivists do not deny the existence of material world, they essentially believe that the only knowledge we can have about it is constructed through meanings that we give to that material existence through our ideas and language. Therefore, unlike positivist rationalists, constructivists do not believe that we can have direct knowledge about that material world that is somehow "real" outside of meanings we attach to it, or our ideas and language about it. (Adler 1997; Pouliot 2007, 2004.)

In the case of climate change, our understanding of it as a phenomenon is always linked to the meanings that we attach to it and concepts we have in our language to describe it. This does not mean that constructivists would not believe that a phenomenon like climate change exists as a material phenomenon, on which our actions also affect. Drawing on Adler's (1997, 323) point: even when it is not

possible to have knowledge about climate change outside of the meanings we attach to it, constructivists are "ontological realists" who do believe both "in the existence of the material world… [And] also that this material world offers resistance when we act upon it". Our knowledge and other social factors affect reality, which do "exist independently of our accounts, but does not fully determine them" (Adler 1997, 324, referring partly to Fuchs 1992, 27). The question about the reality is then more about "whether we can recognize [the world]… in a pure and direct fashion, that is, without any 'description', or whether what we recognize is always already organized and formed by certain categorical and theoretical elements" (Pouliot 2007, 363). This is what is meant by ontology (the world) and epistemology (knowledge) being mutually constitutive: "the phenomenal world cannot be known outside of our socially constructed representations of it – language most prominently. One simply cannot know the world apart from *meaningful* realities." (Ibid, original emphasis.) The problem of climate change is a very good example of such a phenomenon, on which we attach various meanings. A large part of the analysis here is to point out the meanings and definitions that especially the Finnish business and political actors attach to it. The question about the problem definition concerning climate change is posed in the third chapter to help understand difference in ideas and interests that the Finnish actors have about and in climate politics.

Ontologically constructivists propose that agents and structures are mutually constituted, as structures only exist together with knowledgeable practices of agents. For them, social structures are solely those "routinized discursive and physical practices that persist over an extended temporal and spatial domain." (Price & Reus-Smit 1998, 266-267.) The recent development of a practice approach in IR dealt more in-depth in the following sections, has brought with it more critic towards the dualism of matter and ideas that not only rationalists but also many constructivist accounts maintain. According to the critics, constructivist understanding of "material entities [only] as carriers of meaning as 'objects of knowledge'… is disconnected from practical logics. In social life, material things are not, first and foremost, to be interpreted, observed or represented, but to be used." (Pouliot 2010b, 297.) Practice theorist Theodore Schatzki goes one step further claiming that practice theory has a "flat ontology", in which there are no levels of individuals and structures but that "all there is to social life entirely plays out in the practices - [material] arrangements plenum" (Schatzki 2016).

A reason to look this closely about those ontological and epistemological assumptions of constructivism is the fact that it is not a theory of international politics or politics *per se*, unlike realism or (neo)liberalism (Adler 1997, 323; Wendt

1999, 7). Constructivism cannot be used to produce predictions about political outcomes that are then to be tested through research (Finnemore & Sikkink 2001, 393). Rather, it is a social theoretical approach towards studying politics, and it makes claims about the nature of social life and social change (Adler 1997, 323; Finnemore & Sikkink 2001, 393). Ideas, norms, knowledge, culture, and argument have traditionally formed the central part of explaining politics in constructivism, which then has a different level of abstraction than theories like realism, liberalism or Marxism (Finnemore & Sikkink 2001, 392-393). Along with the typical research topics, the so-called practice turn in IR has turned constructivist researchers' interest more towards the actual practices of international politics. The practice approach offers a possibility to look at the actual "doing" in and on the world, as well as the many dimensions of world politics. It also offers a variety of analytical frameworks for the study of world politics. (Adler & Pouliot 2011b, 3-4.)

2.2.2 Identity and Interests Constituted in a Society of Social Actors

When aiming to understand the role of business actors in particular policy field, constructivism and practice approach offer a more comprehensive set of analyzing tools than rational or poststructuralist theories. In contrast with rationalism, constructivism has three particular aspects that separate them: First, for constructivists, actors are profoundly social in that the institutionalized norms, values, and ideas of their social environment constitute their identity, whereas for rationalists, actors are "atomistic egoists." Second, for constructivists interests are endogenous, they come "as a consequence of identity acquisition, as learned through processes of communication, reflection on experience and role enactment" (Reus-Smit, 2005, 199) – not exogenously determined as rationalists believe. Third, constructivists see society as "a constitutive realm, the site that generates actors as knowledgeable social and political agents, the realm that makes them who they are, [not the strategic realm for] actors to rationally pursue their interests" as rationalists think. (Ibid.) This section further elaborates these central aspects of the study.

Constructivists believe that understanding how actors' interests are constituted is an important aspect in explaining international phenomena, which rationalists often ignore or misunderstand (Price & Reus-Smit 1998, 267). A constructivist analysis starts from the stance that constructing the identity of an actor comes first and is constitutive for the actor's interests, as a "we" need to be established before articulating of interests is possible (Hall 1993, 51; Wendt 1992, 398). Whereas a

rationalist takes identity and interests exogenously defined and, thus, expect actors to act according to the "logic of expected consequences" asking the question "how I get what I want?" A constructivist premise is that social actors – be them states, NGOs, or business actors – act according to the "logic of appropriateness", which is defined by the social structure they inhabit, and which provides their action a direction and goals. The interaction in the social structure also endogenously constitutes and transforms the actors' identity and interests; "what an actor is and therefore what he or she wants is no longer determined but instead becomes the subject of social interaction." (Hofferberth, Brühl, Burkart, Fey & Peltner 2011, 212.) Instead of asking, "how do I get what I want?" The actors ask questions like "what kind of situation is this?" "What kind of behavior is appropriate in this kind of situation?" (Ibid.)

In the case of business actors, they do base their identity in being part of business actors' community, but at the same time, they are also interested in their reputation and what is expected from them. It is not only the material exchange, i.e., the business, that they can do, which defines their identity and interests. Even when material arrangements are important for social life, in constructivist understanding, ideational factors still form the most important part of human interaction. The most significant ideational factors in human interaction are the widely shared or "intersubjective" beliefs, which construct the interests and identity of actors. (Finnemore & Sikkink 2001, 392-393; see also Adler 1997; Pouliot 2004; Price & Reus-Smit 1998; Ruggie 1998; Wendt 1999.) With this approach, constructivism challenges materialist and individualist theories, from which the former believes the only the physical world regulates political behavior and the latter deny the causal power or ontological status of collective understandings, which it only sees as a secondary effect of the individual action. (Finnemore & Sikkink 2001, 393.)

2.2.3 Constitution of Social Facts, Norms, and Intersubjective Meanings

To go a step deeper in understanding, e.g., how the constitutive realm of society is created, we need to look at how the social facts, norms, and intersubjective meanings are constituted. Constructivist analysis fulfills one of the premises of the study as it aims to understand the change of social facts: how social facts change and how that change influences politics. The change of social facts and norms can explain why and how the appropriate behavior of business actors, and thus their interests, in climate politics changes and has changed.

What we can know about reality, according to constructivism, are the social facts or collective understandings, which social actors determine and naturalize in a social world (Adler 1997, 322; Pouliot 2007, 364). Pouliot (2004, 320) claims the study of social facts to be "the essence of constructivism", on which both the common ontological as well as the epistemological ground for constructivists is to be found. From the ontological point of view, all constructivists ask the same questions about social facts, such as how they are socially constructed, and how they affect global politics. Epistemologically social facts "constitute the only 'foundations of reality' upon which constructivists can build knowledge about global politics and social life in general." (Pouliot 2004, 320) Social facts get their existence from acts of social actors, who "take them for granted as part of the order of things" and continuously reify them. Thus, constructivists can "remain agnostic about reality." (Ibid, 321.)

Social facts are facts only because humans agree about them. They are collective understandings, which originated to human consciousness and have been circulated and confirmed until taken for granted. (Adler 1997, 322-323.) Social facts are produced by a variety of social mechanisms, which include both practices and language. These include "speech acts and language games, representational force, constitutive practices, norm compliance, persuasion, rhetorical and communicative action, social learning, cultural change, socialization, internalization, cognitive evolution, intertextuality, regimes of truth, etc." (Pouliot 2004, 329.) Through their capacity for reflection and learning, social actors can attach meaning to the material world. Through this, they also cognitively frame their world and produce collective understandings, which "provide people with reasons why things are as they are and indications as to how they should use their material abilities and power." (Adler 1997, 322.) In the analysis, discourse and practice analyses were both used to point out the social facts that construct the reality of actors in Finnish climate politics.

Collective understanding of climate change has grown together with the natural scientific understanding of its causes and consequences and shaped the norms according to which the appropriate behavior of different actors is conceived. International political action to mitigate climate change has been an essential part of the construction of this collective understanding. The creation of the International Panel on Climate Change (IPCC), which has become the most influential representative of the science of climate change, has been part of the process that has created collective understanding and social fact of climate change.

The collective understanding of climate change as a scientific phenomenon bases on the information that is produced mainly by natural scientific research practices in research institutions that have appreciated and established a position in producing

information for decision-making. The central position of scientific knowledge and scientists in establishing the social facts of climate change is proved by the counter forces that have tried to challenge the collective understandings of climate change. They have primarily attacked researchers and questioned their motivations and information production practices as well as the scientific agreement on the phenomenon. As the science of climate change has been virtually unanimous about the human influence on it, challenging scientists' view by disinformation campaigns has been the strategy of climate skeptics, who reject the social fact of anthropogenic climate change. Climate change denial has remained high among the public and political actors especially in the U.S. (Dunlap 2013, 691-692.)

However, denialists are on the losing side. Regardless, e.g., of the political developments in the U.S. in 2017 (We Are Still In n.d), the collective understanding of climate change has for a long time been in accordance with the scientific consensus. Hence, climate change mitigation is widely considered to be obligatory for all actors, including business actors. Influential presentations from authoritative persons of fields of economics, like *the Stern Review* in 2006 (HM Treasury 2006), and politics, like the film *Inconvenient Truth* by the former U.S. vice president Al Gore (2006) in the same year, have been among the acts that have aimed to confirm the social facts and collective understandings of the harmfulness of climate change for all sectors of life.

To understand the concept of "collective understandings" or "intersubjective beliefs", the concept of "intersubjectivity" needs some clarification in respect to the ontological and epistemological understandings of constructivists. Intersubjectivity is neither demanding a collective mind or denying the purposes and intentions of individuals, but suggests itself in the common concepts we use even when each one is thinking her or his thoughts. Social communication – the fact that we understand others and are understood by them – sustains intersubjective reality. (Adler 1997, 337.) Intersubjective meanings are collective knowledge, which is shared by all social actors who are able to recognize and act according to the logic of appropriate behavior and perform social practices in an appropriate way. Social routines and practices keep this knowledge alive beyond the lives of individual social actors, who participate in its reproduction through their interpretative actions and workings. (Adler 1997, 327.) National interests can be seen as an example of intersubjective understandings: they are not only collective interests of a group of people or a single dominant individual, but more general political understandings. The constructivist approach helps us to understand how the intersubjective understandings become

general, and how they are politically selected in and through political processes. (Ibid, 337.)

Norms can be understood as expressions of what actors are, where they belong to and what kinds of roles they play. Although widely understood as regulatory rules that constrain choices or as boundaries within which individuals pursue their interests, norms and institutions have also other functions, which they serve together with shared understandings and intersubjective knowledge. They are not simply constraining but also empowering action, as they help to describe how actors are constituted and where their identity and interests derive from. (Hurrell 2002, 142-143.) As norms are always shared between actors, they actually are collective social facts, which "form the social structure in which actors interact with each other" (Hofferberth, Brühl, Burkart, Fey & Peltner 2011, 211). Not all social facts, of course, are norms. The problem with the norms, especially in the international relations, is that they can be contradictory and in conflict with each other. Powerful actors can choose norms and rules supporting their actions, or they can set new ones if needed. Thus, questions about the relevance of certain norms and their interpretation will always rise. (Hurrell 2002, 143.) Understanding defining norms and especially their change in society is central for this study.

How do then the social facts come into being and how can we understand reality through them? The constructivist approach is essentially interpretative, and understanding both the meaning of the behavior of an actor as well as what it means to them has to be understood "from within" (Adler 1997, 362). When interpreting and observing the social facts of everyday life, it is important to understand the difference between the interpretation of the social actor that he gives to his behavior and the interpretation of that interpretation that the observer gives to it. It is, thus, one thing for an actor to interpret what her behavior means in her social context. This Pouliot (2004, 328-329) calls an "act of essentialization", in which the actor turns "a representation of reality into the reality itself and assumes its existence in an *a priori way*". It is another thing to make an interpretation of this interpretation of an actor, an "*observation* of essentialization" (ibid, original emphasis). Consequently, in social world, the things we want to know and explain about the world have already been interpreted (Adler 1997, 362), as we are making observations of essentialization. By continuously repeating acts of essentialization, social agents generate social facts, which they then treat as if they were real. "Once reified, social facts confront agents' everyday life as 'objective' facts that cannot be ignored. They become taken for granted as part of the order of things although they are pure human creations." (Pouliot 2004, 329.) Since the acts of essentialization can have crucial implications,

not only political consequences but also what the researcher thinks to be relevant for her study or for the discipline, constructive researcher should "refrain from the act of essentialization", which "limits the possibilities for alternative thinking" (Pouliot 2004, 329). The task for the researcher is to *observe* the acts of essentialization made by social agents in their everyday life, not to commit them by themselves "in lieu of the agents... When constructivists talk about the reality of social facts, they should always do so from the agents' position." (Ibid.)

2.2.4 Constructivism and Analyzing Politics: Interaction and Governance

The preceding sections have laid down the premises of constructivist understanding of how the identity and interests of social actors are constituted in social relations. They have also pointed out how intersubjective beliefs create social facts, on which the constructivists' "foundation of reality" is based. These preceding sections form the social theoretical approach of constructivism, which, however, does not tell much about politics yet. This section investigates what is the essence of policymaking from the constructivist perspective as well as how constructivist analysis can be used to explore private actors and their agency in politics. For the latter, constructivism provides tools through its focus on the interaction of actors. This focus, which means, e.g., analyzing both relations between governing actors and conditions under which they compete or cooperate, helps in explaining dynamics of authority as well as the effectiveness of outcomes in different governance situations. It also makes possible to understand contemporary politics and its dynamics and change. (Avant, Finnemore & Sell 2010, 1-4.)

Constructivists hold ideas as the most important part of human interaction: ideas make up intersubjective beliefs that construct interests and identity of actors (Finnemore & Sikkink 2001, 392-393). According to Stone (2012, 13) "the essence of policymaking in political communities [is]…the struggle over ideas." All political conflict revolves around this struggle and, thus policy-making is not about rational problem solving (Fisher 2003, 60; Stone 2012, 13). People are motivated to action through shared meanings and "ideas are the medium of exchange in policymaking, a mode of influence even more powerful than money, votes or guns" (Stone 2012, 13). Thus, politics is an endless struggle over defining the ideals guiding people's behavior and over the criteria for their classification and categorization (ibid). Both Fisher (2003, 6) and Hajer (1995, 59) emphasize this struggle in politics to be primarily *discursive*, in which "actors try to secure support for their definition of

reality". Politics, according to a constructivist analysis, is about a struggle over the meaning of a situation, of a condition, or of a problem and this identifying process also gives the limits of the possible: what are the reasonable solutions for this particular problem or strategies in this particular situation? (See, Benford & Snow 2000, 616.) These struggles also define the appropriate behavior for different actors.

Typically, constructivist analyses have been interested in topics like agenda setting and determination of policy problems (see, e.g., Keck & Sikkink 1998; Sell & Prakash 2004). As has been pointed out about constructivism's epistemological and ontological starting points, policy problems cannot be taken for granted. It is not possible to find an "objective" basis for them in society's economic or material structure. Instead, policy problems are "constructed in the realm of public and private discourse. They do not come into existence simply because they are there, or for their implications for well-being." (Fisher 2003, 61.) Accordingly, constructivists believe that policy problems are always defined in political processes, which happen in social interaction between social actors. In addition, "problems are defined in politics to accomplish political goals – to mobilize support for one side in a conflict" (Stone 2012, 247). Stone defines interests the different sides in politics (2012, 228). People's interests are shaped by their group identity and memberships, but "specific content of group interests must still be defined through politics" (ibid, 230). No such thing as "an apolitical problem definition" exists (ibid, 247). Every definition of a policy problem also defines what is at stake as well as who are affected by it, and this characterization depends on its viewpoint. Hence, the change in the definition can also change the power relations in the issue. A traditional political strategy is to present something as a general interest; a strategy that business actors are keen to use even in their everyday advertising. (Stone 2012, 246-247.)

Defining problem is also called "agenda-setting" or "issue-creation" in policy processes: persuading other actors that a problem or an issue exists in the first place is one of the governors' tasks. "In many cases, the 'problem' is not a problem for everyone." (Avant, Finnemore & Sell 2010, 14.) It is not possible to govern a problem that does not exist, so it is essential to a problem be acknowledged first: this is what "agenda-setting" and "issue-creation" is about. E.g., powerful actors, keen to keep the status quo, might use their power by refusing to admit the existence of the problem. (Ibid.) An excellent example of this has been the denial of climate change both among the fossil fuel industry, until lately, and continuously among some politicians in the U.S. In addition, what kind of policy problem climate change is depends on its definition, - a question that will be dealt in detail in Chapter 3.

Placing constructivist and rational policy analyses side by side, Stone (2012, 11) shows how constructivist approach can consider essential parts of human life experience that rationalists ignore in their models of political reasoning, society, and policymaking. Instead of being rational decision making, "[p]olitical reasoning is reasoning by metaphor and analogy. It is trying to get others to see a situation as one thing rather than another" (Stone 2012, 11). Whereas a rationalist political analyst holds the market as the model of society, for a constructivist, it has to be a political community. In the market model, individuals have fixed, independent interests and preferences for policies, as well as for goods and services – and they know what they want. (Ibid, 12.) "A market is a collection of individuals who have no community life. Their relationship consists entirely of trading with one another to maximize their individual well-being." (Ibid, 10.) In real societies, people "are psychologically and materially dependent" (ibid, 12). The preferences and interests of people in a political community are based on images and loyalties since the people are connected through social groups, emotional bonds, and traditions. Defining their interests and preferences is dependent "to a large extent on how choices are presented to them and by whom, and they are not always consistent." (Stone 2012, 12.)

Understanding policymaking as a struggle over ideas and politics as a "way we help each other see from different perspectives" (Stone 2012, 10) has a significant influence on how to study business actors and their role in climate politics. The approach offers a way to understand more deeply the discourses business actors are using as an attempt to convince the other actors of their appropriate behavior. In addition, they aim to characterize the policy problem of climate change from the perspective that would offer business actors the role of solution providers rather than troublemakers. Climate change as a policy problem already has a matured policy-cycle (Pinkse & Kolk 2009, 31). Thus, the struggle in the climate politics no longer is about the existence of the climate change as a phenomenon but about the contents of climate politics: what is the problem, what to do about it and how fast, i.e. the pace and direction of the mitigation activities.[9]

The struggle over ideas in policy-making is particularly well shown in the different governance outcomes: Avant, Finnemore and Sell state that "knowing global needs is rarely enough to explain how and why particular governance outcome was chosen" (2010, 7). This is because defining needs becomes part of the political contest and a need has various dimensions that can affect the way it is understood. Needs and their conceptualizations are at the heart of political claims about welfare and "needs-

[9] International climate politics have existed already for a couple of decades.

claiming is the essence of democracy: citizens make demands on government to meet their needs and government responds or gets voted out" (Stone 2012, 85, 88, 98-99). In a state level, it is the job of the government to validate, arbitrate and decide legitimate claims for citizens' needs (ibid, 99). The struggle over the ideas about legitimate needs of citizens (including "business citizens"), and, thus, the level of welfare is an important factor that needs to be acknowledged to understand the values and political contests when the development of the Finnish climate politics is analyzed. The Finnish climate politics has various connections to other policy goals like energy production or regional development, which in turn are closely linked to welfare and the definition of legitimate needs. Governance is not always "cooperative action" and accommodating diverse interests it is not always possible in political processes (Avant, Finnemore & Sell 2010, 8).

To help the analysis of the political strategies that business actors have chosen to use in their approach towards climate politics, I take the model from Jonas Meckling (2015). He has divided political strategies of business actors in environmental politics into four "ideal-types". These include "opposition – firms trying to veto a regulatory initiative; hedging – firms seeking to minimize compliance costs or level them across a global industry; support – firms aiming to create or expand markets for environmental products and services; and non-participation" (ibid, 19-20). Meckling finds distributional effects as well as "perceived regulatory pressure" to be behind the choices of business actors to adopt one of these political strategies. Meckling's model does not follow a purely constructivist approach but has some rationalist starting points. Thus, its use is limited to some of its general findings that help in categorizing the different approaches Finnish business actors take in climate politics. These include the model's acknowledging of the role of institutions – or institutionalized norms according to the constructivist approach – as the explaining factor for different business strategies in political processes, which purely interest-based approaches are incapable of explaining (ibid, 20). Meckling also defines regulatory pressure as the pressure a firm gets from its institutional environment, which might include conflicting demands from various groups of actors such as different industry federations the firm is a member of, customers, competitors, and various interest groups, as well as cultural and regulatory contexts. Firms also interpret these demands and pressure differently depending, e.g., on their organizational culture, size, and history, which together form a perceived regulatory pressure for the particular firm. (Ibid, 22.) What Meckling calls institutional environment, is in this study also called the social context of business actors and the regulatory pressure can be seen to refer to the demand for the "appropriate

behavior" of the actors. The study identifies similar groups of actors and contexts that influence the choice of political strategies to business actors that Meckling does. The use of Meckling's model in the analysis is further introduced in the beginning of Chapter 5.

The following sections turn to methodological questions of the constructivist approach. Identifying epistemological and ontological starting points of the study is not only a theoretical exercise but also essential for establishing the methodological basis for the study. Before being able to adopt specific techniques for the research, it is necessary to point out one's underlying assumptions about the world: the methodology (Fierke 2004, 36). After introducing the constructivist methodology, a constructivist approach to practices is presented. Next, the steps of the constructivist methodology are explained more in detail. The last section of the chapter considers the methods of material collection and analyzing the material as well as introduces the study subjects.

2.3 Constructivist Methodology and Practice Turn in IR

2.3.1 Introduction to Constructivist Methodology

Research questions, methodology, and theoretical approach are tightly connected in a study and cannot be separated. Since methods serve a purpose and can do different things, they have to be chosen according to the questions the study wants to answer. Methods act as "thinking tools" that give a vocabulary for examining the research questions. (Leander 2008, 12-13.) Whereas research *methods* are the concrete tools of inquiry, *methodology* refers to the premises that the researcher has about the world she studies; premises, which she has embraced already before choosing the specific techniques for the study (Fierke 2004, 36; Pouliot 2007, 360). Pouliot (2007, 360) notes that methodological choices should be first and foremost problem-driven so that research questions "come first and methods second", and ontological and epistemological starting points are in line with the research methods. As constructivism is essentially a theoretical approach, which does not provide particular research methods but uses the same analyzing tools as used in social science and political science today (Finnemore & Sikkink 2001, 392), it takes some effort to find the correct thinking tools that are the best in providing good answers for the study's research questions. In methodology, both critical theorists and constructivists have rejected the hegemony of a single scientific method highlighted by the rationalist theorists. Instead, they emphasize the interpretative strategies and the plurality of approaches to knowledge generation. (Price & Reus-Smit 1998, 261.)

An important difference between rationalists and reflectivists – here including constructivists – is how significant they regard language and culture in their observations. Constructivists do see language as "a form of observable behavior" and, consequently, find the study of meanings important. (Klotz 2008, 1.) Accordingly, rationalist critic towards constructivist approach is directed towards its use of evidence and its possibility to generalize research findings. In addition, the critics point out the problems of variability and comparability as well as the limits of interpretation in constructivist studies. (Price & Reus-Smit 1998, 271.) Constructivists do avoid making Truth (with big-T) claims about the world, believing that there is no ultimate knowledge about the reality. Instead, they make "small-t" truth claims about questions they have studied with a sustained empirical analysis. (Price & Reus-Smit 1998, 272.) Moreover, although constructivists can refer what we perceive in the world (evidence, in a loose meaning), they maintain that there is

not only one objective and obvious explanation for these "facts". Constructivists have been making generalizations about aspects of world politics even when they have rejected the possibility and advantage of formulating law-like generalizations. Instead, they remain sensitive to the historical contingency and contextuality of their claims, which do not travel easily from one occasion to another, as does a context-free independent variable as an explanation to different situations in research done through a rationalist approach. (Ibid, 273-275.) Since the constructivist approach takes different factors often as mutually constitutive, measuring their causal weight, as independent variables do not seem to be a fruitful endeavor for a constructivist scholar. Constructivists are not keen to use independent and dependent variables in their empirical studies like rationalists do, although some exceptions are, of course, possible. (Ibid, 281-282.) Instead of arguing in quantitative claims *how much* a particular norm or ideational structure mattered, constructivists more often aim to show that a specific phenomenon was a necessary condition "for a particular set of practices or events" (Price & Reus-Smit 1998, 281-282).

Lately, there have been endeavors to develop further a methodology of constructivist approach in IR and tackle some of the criticism from rationalist IR approaches. The aim has not been to develop new methods as such but to engage "more systematically and coherently with pressing methodological issues [and to] facilitate dialog with other IR theoretical approaches by making its standards of validity more explicit and amenable to non-constructivist ways of doing research" (Pouliot 2007, 360). The aim of the methodological dialogue inside the IR field is not to reach final agreement on procedures and standards as much as to help researchers in stating their research goals, in defining their core concepts, and in setting out their theoretical assumptions (Klotz 2008, 2). This aim to develop further the theory in IR and give a chance for different theoretical approaches to talk to, rather than past, each other (Adler & Pouliot 2011b, 3-4) is closely related to the practice turn in the IR (Schatzki, Knorr Cetina & von Savigny 2001). The practice turn has its roots in the development of social theory at large.

2.3.2 Practice Turn in IR and Actual Practices of Actors in Politics

The practice turn in IR has turned researchers' interest more towards the actual practices of international politics instead of only ideational structures, norms, and language, which typically are in the focus of constructivist research. As pointed out earlier, the approach is seen as enabling dialogue with other IR perspectives (Pouliot

2010a, 79). Two important targets for a constructivist study of politics are: Firstly, to understand how (social) actors are socially constructed, i.e., how their identity and interests are constituted in social relations (Finnemore & Sikkink 2001, 392-393; Wendt 1999, 7; see also Adler 1997; Price & Reus-Smit 1997; Ruggie 1998). Secondly, to understand the change and stability of social facts, which for constructivist "constitute the only foundation of reality" (Finnemore & Sikkink 2001, 392-393; Pouliot 2004, 320). For both of these, the practice approach gives helpful tools. Crossing the usual divides between structure and agency, ideas and matter, rationality and practicality, as well as stability and change, is possible through analyzing the actual practices in politics. This goes beyond the traditional levels and units of analysis in IR. (Adler & Pouliot 2011b, 4.) Adler and Pouliot also see the practices approach crosses the divide between different theoretical approaches to culture since practices are the raw materials that not only organize but also comprise the world. "[C]ulture…is not only in people's minds, discourse, and interactions; it is in the very performance of practices". (Adler & Pouliot 2011b, 13.) The practice approach offers a possibility to look at the actual "doing" in and on the world as it enables the inquiry of the many dimensions of world politics, such as power and security, trade and finance, strategy, institutions and organizations, resources, knowledge, and discourse. It offers a variety of analytical frameworks for the study of world politics. (Adler & Pouliot 2011b, 3-4).

What is "practice"? As with any such general concept, a practice has a variety of definitions and practice analysis has a variety of approaches. As different fields as philosophy, humanism, social theory or even studies of the science of technology can use a practice approach. Hence, it is expected that no unifying approach can be found. (Schatzki 2001, 11.) These various approaches highlight and play down different aspects in practice as well as point out different goals for the analysis: for example, the analyst could treat the practice either as knowledge or as institutionalized patterns of human activity (Wagenaar & Cook 2003, 149). Practices that hold intersubjective meanings are the main object of a study of constructivist IR approach. They also form an empirical entry point for analysis as being "the raw data of social science." (Pouliot 2007, 366, 2013, 48.) Minimal definition connecting different approaches might be to claim practices as a collection of activity or collections of *human* activity (Schatzki 2001, 11 my emphasis).[10] Practice approach in social theory emphasizes that "the social is a field of embodied, materially

[10] Although, some *posthumanist* minority (among science and technology researchers) include also activities of machines or objectives of scientific investigation to practices (Schatzki 2001, 11)

interwoven practices centrally organized around shared practical understandings. [This goes against those] accounts that privilege individuals, (inter)actions, language, signifying systems, the lifeworld, institutions/roles, structures, or systems in defining the social." (Schatzki 2011, 12.) According to practice theorists, these can only be analyzed through the field of practices. Practices both embed actions and constitute individuals. Language also is a practice phenomenon: a type of (discursive) activity, while institutions and structures are outcomes of practices. (Ibid.)

As the study is about IR and politics and not about social theory or sociology, it is fair to point out some distinctions important to the constructivist IR. Firstly, practices are particular kind of action, not just behavior, as the meaning of their analysis is to tell something about political dynamics and explain policy outcomes. For Adler and Pouliot (2011b, 5-6) practices are "competent performances" and "socially meaningful patterns of actions", whereas Neumann (2002, 630-631, referring to Barnes 2001, 27) defines them as "socially recognized forms of activity". Both of these definitions emphasize, first, the interaction between social actors, which creates the meaning of practice and where the actors can learn from others, and, second, the possibility that practices are performed "more or less competently", i.e. well or badly, correctly or incorrectly. The relevance of the last characteristic, i.e., competence in the performance of a practice, has been questioned by Duvall and Chowdhury (2011, 338-339), based on the idea that standards of competence might be inconsistent with the actual meaning of the group performing the practices, or the outcome of the practice compromises that meaning.

A "community of practice" is an important concept that helps in setting up practice as a theoretically and empirically useful concept. Adler and Pouliot (2011b, 16-17) define a community of practice as a collective where people function as "a community through relationships of mutual engagement." It develops, diffuses and institutionalizes practices through training and learning and constitutes like-mindedness and shared practices, which express the knowledge developed, shared and maintained by the community. The collective constantly renegotiates and develops these shared practices with a feeling of a common undertaking, but also sustains them through routines, appreciation, and discourse. The communities of practice are both intersubjective social structures, which create an epistemic and normative field for action, and actors, real people, who affect social, political and economic events when working through networks that across borders of states and organizations. (Ibid.) In the study of the climate politics, the communities of practice are made up of actors that are engaged in the practices through which the official

climate policies are created, negotiated, and performed both in national and international arenas.

As already discussed in epistemological and ontological starting points, constructivists do consider material structures important, but at the same time, they do not believe that material structures could be understood outside of the shared understandings and knowledge, i.e., the meanings that actors give to them (Hurrell 2002, 142). For Adler and Pouliot (2011b, 13-14), practices are material, since they are actual doings, which can change the physical world – as well as our perceptions of it. Actual things are used in performing practices, not only mind and speech. Pouliot especially criticizes the constructivist perspective to see material things only as "carriers of meanings, as '*objectives of knowledge*'", which he thinks is detached from practical logics (2010, 297, original emphasis). "In social life, material things are not, first and foremost, to be interpreted, observed or represented but *to be used*" (ibid, my emphasis). Through practices, it is possible to connect environment and artifacts, and practices are formed in the interaction of objects, agents, and meanings (Adler & Pouliot 2011b, 13-14). Schatzki (2011, 4) crosses the divide in pointing out that material arrangements are an inseparable part of the social life, which plays out in bundles of practices and material arrangement where material arrangements channel and facilitate practices and practices effect, alter and use material arrangements.

The practice perspective can also cut across the dichotomy of agency and structure, one of the large questions of different IR theories. Adler and Pouliot (2011b, 14-15) indicate that agency and structure jointly constitute and enable the practices. On the one hand, it is the individuals, who are performing the practices and give the meaning for those practices through their performance. This (structural) meaning is locked in time and space, as it is constantly debated. On the other hand, the practices frame the actors and give them knowledge about who they are as well as how they can behave in an adequate and socially recognizable way. Practices acquire their meaning through structure since they are socially recognized, and certain standards for their competent performance exist. These standards give the practice a somewhat normative and rule-like dimension. Structural side in practice also exists in their performance through communities of practice, where a collective possesses the practices in its use and individuals take the role in performing the practices that the community holds out. (Adler & Pouliot 2011b, 14-15.)

The third dichotomy that the practice approach is capable of crossing is the division of reflexive and background knowledge. The background knowledge sets the terms of interaction, defines the horizon of possibility and provides expectations, dispositions, skills, techniques, and rituals, which together form the basis for a

constitution of practices and their boundaries. Nevertheless, without reflexive thinking and continuous judgment "that something is indeed what it is through repeated rituals of practice" the execution of practices, as well as its effective institutionalization, would not be possible. (Adler & Pouliot 2011, 15-16.)

The fourth division of continuity and change is also cut across by practices; reproduction of the current state of things happens through the continuous performance of practice (in a socially recognizable way), which also creates stability. Still, the stability is an illusion since practice is a process, whose performance also creates new ways of thinking and whose meaning is never fixed or stable. This instability of meaning is part of the change that is an ordinary condition in social life. (Adler & Pouliot 2011b, 16.)

2.3.3 The Steps of the Constructivist Methodology

This study follows a "constructivist methodology", developed by Pouliot and based on a practice approach (Pouliot 2007, 2010a, 2013). Pouliot extracts three central implications that constructivist theory has for the development of constructivist methodology: Firstly, since the social facts are the essence of constructivism, the knowledge comes through induction and the researcher must begin with what the social actors – not the analyst – believe to be real. Secondly, the central methodological task for a constructivist study is interpretation. Thirdly, reasoning in constructivism is characteristically historical as it "sees the world as a project under construction, as *becoming* rather than *being*" (2007, 364, quoting Adler 2005, 11, original emphasis).

An inductive analysis is essential for a constructivist study since imposing theoretical constructs over practical ones poses a risk of losing the meanings, as they exist for social agents. However, the constructivist knowledge builds on the agents' taken-for-granted realities. As already pointed out in the earlier section of ontology and epistemology, analysts should be conscious about their taken-for-granted world and be able to separate it from their study and its objects. Since it is impossible for the analyst "to fully evade one's world and its meanings, different researchers never recover exactly the same practical meanings. But that does not mean it is not worth trying to be as faithful and accurate as possible." (Pouliot 2007, 364-365.) Inductive analysis helps analysts to understand practices as they are seen and meant in a social context, and not to impose a scholastic and alien logic on them, which easily happens if the analyst takes a view of an external spectator who follows the action from a

distance (ibid). This "tendency for researchers to construe social action as a 'spectacle' to be interpreted instead of a set of concrete problems to be practically solved" hinders the ability of constructivist research to understand how in practice nature and culture are seamlessly combined (Pouliot 2010b, 297).

When using the inductive analysis in an IR study, the researcher is at the same time bringing the "social" back into the IR ontology. International relations, like other social relations, are realized and produced by real people, who can as well be diplomats, management consultants, soldiers, refugees and officials of international organizations. (Adler-Nissen 2013, 8.) The problem is that too often the research objects and methods in IR are defined before the actual analytical process, although it is part of the study process to construct the research object. (Adler-Nissen 2013, 8, partly referring to Bourdieu et al. 1991.) Instead of just imposing a rationalist perspective that predicts certain actors to follow particular, given interests, we can talk to those actors to see what they think and do, as was Bourdieu's method (Alder-Nissen 2013, 8). According to the Bourdieu's theorizing "the subject as always a subject of praxis or the subject of practical reason" (Adkins 2004, 10), which means the subject is "in the world", not "engaged with the world" and only following blindly given sets of rules (ibid).

It is, however, not enough for the analyst to rely only to subjective knowledge through inductive analysis, but she needs further steps of objectification for the interpretation to be correct. These steps are contextualization, i.e., how meanings relate to others and patterns of domination, and historicization, i.e., where meanings come from and how they came to be. (Pouliot 2007, 364-365, 2010a, 60.) Constructivism uses an interpretative methodology to understand meanings and explain social life. "By contrast with other styles of reasoning, however, in constructivism this interpretivist moment is *double*. Interpretation means not only drawing inferences from data, as even diehard positivists do, but also recognizing the fact that an important part of the subject matter of social science is itself an interpretation – the self-interpretation of the human beings under study." (Pouliot 2007, 365, also referring to Neufield 1993, 43-44; Giddens 1984; Jackson 2006, original emphasis.) "A constructivist social science develops meanings about meanings" (Pouliot 2007, 365). Thus, an objectification is needed so that meanings can also be explained beyond sole understanding. When meanings are objectified, they lose locality as well as temporality and can then be interpreted universally and timelessly. Here we come back to the concept of intersubjectivity, which gives the larger context to subjective meanings when they are objectified through interpretation: it is no longer only about what something means for a specific actor

but what is its signification for the larger community or society as a whole. According to Pouliot, "[t]his is precisely what the hermeneutic circle is all about: interpretation proceeds by relating the parts in terms of the whole and reciprocally." (2007, 366.)

Constructivism is distinguished from the critical IR approaches in that not only discourse and language are interpreted, but practices, in general, are understood to be actions that provide for intersubjective meaning. The process of interpretation happens through the "objectification" of meanings, which means that they are not only understood but also explained. Whereas a practice or a text can be understood through subjective interpretation of the reasons and beliefs that inform it, it can be explained by objective interpretation of its intersubjective context. Interpretive constructivism holds practice as the main object of study. (Pouliot 2007, 365-366.)

The third characteristic of Pouliot's constructivist methodology is that its style of reasoning is historical: meanings are in a constant change as a part of dialectic process between knowledge and reality and do not remain fixed over time (2007, 366). As Adler (2002, 102) states, "rather than using history as a descriptive method, constructivism has history 'built in' as part of theories. Historicity, therefore, shows up as part of the contexts that make possible social reality." Added to this are "the path dependence and feedback loops that characterize the dialectics of knowledge and reality [and] further reinforce the need to study the social construction of international politics in time… Process and sequence matter because social life is fundamentally temporal." (Pouliot 2007, 366-367.)

This historicizing goes together with "constructivism's denaturalizing disposition" (ibid, 367). As X is socially constructed, it is neither natural nor inevitable; it is historical. Since X has a history of its own and it is a result of traceable social processes, it can be shown to be socially constructed. Moreover, as X is historicized, it is also denaturalized: "X needs not be, for it has not always been (or has not always been as it is)." (Ibid.) This dialectic dimension is also seen in practices, in which knowledge is always improvisational. Even though there can be routine elements in practices, they are never completely fixed. "Problems and their solutions are not natural entities that are hardwired into reality. Instead, they are fundamentally equivocal, made up of particulars 'that could have been otherwise.'" (Wagenaar & Cook 2003, 152.) Above mentioned is in line with Schatzki's idea of indeterminacy of the human activity (Schatzki 2011, 7).

Social realities are always outcomes of historical social and political processes, and a historical methodology looks at them to find out what makes the specific social contexts possible. The analyst has a narrative building as a tool for tracing them – a narrative being "a dynamic account that tells the story of a variety of historical

processes as they unfold over time." (Pouliot 2007, 367) Narratives can also show "why things are historically so and not otherwise" (Ruggie 1998, 32). Whereas positivists search for constant antecedent in causal analysis, in narrative building the analyst "traces contingent practices that have historically made a given social fact possible" (Pouliot 2007, 367, referring partly to Ruggie 1995). Thus, the small versus large N controversy becomes irrelevant, because the narrative building is above all about understanding the meaning and only secondary about explaining causality. "Narrative causality traces the historical evolution of meanings (both subjective and intersubjective) in order to explain how they brought about, or made possible, a given social context." (Pouliot 2007, 367.) "Explanatory narratives order variegated meanings and practices in time around a number of 'plots' or causal stories. Like counterfactual analysis, causal narratives reason backward in order to understand why the branching tree of history has taken one direction instead of others." As historcization is about "temporally standing back from current meanings" it helps to broaden objectification of meanings, and thus, historical analysis always goes together with interpretation. (Ibid.)

2.3.4 Inductive First Step

When "putting practice theory into practice" three steps already pointed out in the earlier section have to be operationalized.[11] In this endeavor, the first step is the inductive one, where the researcher gets access to practices and aims to understand them from the point of view of the social actors practicing them. (Pouliot 2013, 48.) Pouliot sees as the only way to recover "the logic of practicality" by looking at it when it develops in the level of action and, thus, by understanding social action from inside (2010a, 66). From the researcher's point of view the complicated thing is to get access to practices as they unfold, thus, "methodological proxies must be imagined, with their merits and limits" (Pouliot 2013, 48). Suitable methods that Pouliot recommends to get access to practices are ethnographical participation observation, which, however, in the case of the IR studies is rarely a possible means of fieldwork for financial, organizational, legal, geographical or historical reasons. Its benefits, nevertheless, include the possibility to get into the "'natural habitat' of practitioners, with limited disturbance from the outside." (Ibid.)

[11] Pouliot in his various publications about a methodology of practice theory introduces a wider variety of methods and a deeper analysis about the meaning of these different steps. I am here concentrating especially on those parts and methods that were useful for the analysis.

The options for the researcher then instead of actually "seeing" practices is to "talk about" them in in-depth or qualitative interviews or to "read" them through a textual analysis (Pouliot 2010a, 68, 2013, 49). If practices are investigated through interviews, Pouliot (2013, 49) recommends asking from interviewees about their everyday practices and about the practices of their colleagues, which would make the interviewee as a kind of "participant observer". The researcher should focus "less on what interviewees talk *about* than what they talk *from* – the stock of assumptions that ought to be presumed in order to say what is being said. Most often, insider stories are particularly interesting for the myriad of small things they eschew, which typically belong to the realm of background knowledge". (Pouliot 2010a, 68, original emphasis.)

Another option Pouliot recommends is a group interview, in which the researcher has the opportunity to recreate a part of the practical context and also to limit her input to the interview setting. The researcher should also keep in mind that interviews should be treated as performances or practices in themselves, "meaning that they are meant to do something in and on the world." (Pouliot 2013, 49.) They are also "social relations in which a world is performed into being" (ibid). The best time for conducting interviews, according to Pouliot (2010a, 68), is before the objectifying steps of interpretation and historicization as to be able to "reconstruct the practitioner's point of view prior to further objectification." When recovering practices through textual analysis, Pouliot recommends to "select particular textual genres that offer a window onto enacted practices" and to "treat discourse as practice in Foucault's spirit" since that way it is possible to observe the domination structures that discourses create (ibid).

In conducting the study, both interviews and textual analysis were used to recover the practices of social actors. Challenges that the researcher faces when aiming to recover practical logics include: "the lack of access, the epistemic distance between the subjects and the researcher, the inarticulate nature of the background knowledge, and the possibility of self-delusion or voluntary deception" (Pouliot 2010a, 71-72). These challenges indicate the need for triangulation: in a practice approach, it is necessary to mix a variety of inductive methods and sources to overcome the challenges of interpretation. In addition, it is essential to supplement recovering subjective meanings with methods that objectify them, such as historical narratives and interpretative steps. Only through these steps, it is possible to recover the crucial social structures like the power distribution, which inductive methods are usually not able to capture. (Ibid.)

2.3.5 Interpretative Second Step

The second step in putting practice theory into practice is the interpretative one. The guiding question is "*in order for practice X to do something in and on the world under study, what tacit know-how would practitioners need to have in order to grasp what is going on?*" (Pouliot 2013, 51, original emphasis.) The purpose of this step is to make sense of practice by reestablishing the practical logic (ibid, 50) and "to understand specific bits of intersubjectivity in terms of a larger whole" (Pouliot 2010a, 72). Discourse analysis, a broad methodological category that comprises a range of more specific methods, is often used to interpret these "webs of meanings". Discourse analysis helps to place meanings in their larger context and "inside an intersubjective structure." (Ibid.) Apart from using discourse in textual form, meanings can also be put in to a context by analyzing practices as meaningful action (Pouliot 2010a, 74). Discourses and practices are interconnected in a variety of ways. Firstly, language and action meet in practice (Wagenaar & Cook 2003, 146). Communication and discourse define the meaning of practice and help to distinguish it from behavior (Adler & Pouliot 2011b, 7-8). Practices are also often negotiated through stories that actors tell about their and other people's actions. The stories make up discourses through which the "reality" then is negotiated (Wagenaar & Cook 2003, 156). Secondly, discursive and material worlds come together in practice. Practice represents the world in specific ways by implicitly making a claim "this is how things are". (Adler & Pouliot 2011b, 7-8.) Thirdly, practices do not only get their meaning through language, but the language itself as a form of *discursive practice* can be "an enactment or doing". (Ibid.) "Practices and language we employ to describe practices bring each other into being. Terms such as *greeting* or *cursing* only make sense when the users of these terms are intimately familiar with the practices they describe." (Wagenaar & Cook 2003, 146, original emphasis)

The following sub-section considers how to use discourse and practice analyses to interpret the act of essentialization that the social actors do when they create social facts about the world.

Analyzing Discourses and Practices to Understand Meaning and Social Facts

The starting point for analyzing practices and discourses is that they are constitutive for each other. Adler and Pouliot (2011b, 13-14) conclude that social actors are capable of routinely repeat socially meaningful actions usually because discourse and

discursive practices are "socially meaningful speech acts" in which saying is doing. Thus, discourse should be concerned as a practice as well as practice as a discourse. The significance of practice is constantly contested, negotiated, and communicated between the individuals engaged in it. This contestation can only be done through discourse and language, which can give practices their meaning and distinguish them from behavior. Thus, social interaction can "make sense" of behavior and give it the status of practice. (Ibid.) Intersubjectively formed discourses help in constituting both identity and interests of actors as they attach meaning to practices (Hajer 1995, 59; Howarth & Stavrakakis 2000, 4). Hajer and Versteeg (2005, 175), in turn, understand discourse "as an ensemble of ideas, concepts, and categories through which meaning is given to social and physical phenomena, and which is produced and reproduced through an identifiable set of practices". In the characterization, specific practices produce and reproduce discourses; thus, also discursive practices are essential in creating discourses.

Discourse analysis analyzes the actual use of language, and most commonly it is used among interpretative and social constructivist traditions in social sciences (Hajer & Versteeg 2005, 176). Although many ways to do discourse analysis exist, generally they all conform to three theoretical principles: First, discourses are systems of signification constructing social realities. Second, discourses are reproducing social reality: they define and operationalize a particular "regime of truth", which characterizes the possible and impossible action and identity, as well as the legitimate speakers in it. Third, discourses define knowledgeable practices and make them intelligible and legitimate. Nevertheless, discourses are also changing and historically contingent, as they are constantly negotiated and renegotiated (or "articulated" and "rearticulated") between social actors to "fix the regime of truth". (Milliken 1999, 229-230; see also Howarth & Stavrakakis 2000; Pouliot 2010a, 72.)

The role of discourse is to define and enable certain issues or practices, but also to exclude and silence others. They do it, e.g., by holding some of the groups authorities and experts but not others, and by favoring some common sense but disqualifying other modes of categorizing and judging. (Milliken 1999, 299.) One methodological dilemma for the researcher using a discourse analysis is how to define the boundaries of the relevant discourses. One way of conceiving them is to use certain features like time, space, genre and authorship. Some discourse analysts choose specific linguistic practices such as predicates, metaphors, commonplaces or arguments as objects of their analysis. A common feature for a discourse analysis is to focus on the specific elements instead of trying to explain everything at once. (Pouliot 2010a, 74.) Obviously, the theoretical and methodological choices that the

analyst makes influence the outcome and knowledge she can obtain from the analysis (Mikola & Häikiö 2014, 56).

In particular, discourse analysis is used in analyzing environmental policies and politics as "it appreciates the messy and complex interaction that make up environmental policy process… [in which the key concepts are] continuously contested in a struggle about their meaning, interpretation, and implementation" (Hajer & Versteeg 2005, 176). Hajer and Versteeg point out three strengths of discourse analysis in making sense of environmental policy-making. These include its "[1] capacity to reveal the role of language in politics, [2] to reveal the embeddedness of language in practice, and [3] to illuminate mechanisms and answer 'how questions'" (ibid). Discourses and discursive practices have a central role to play when analyzing the political struggle that different actors are engaged in characterizing the policy problems and their appropriate solutions. The struggle takes place in a discourse, where the possible and impossible are determined, and the actors aim to secure support for their understanding of reality. (Hajer 1995, 59.)

Mikola and Häikiö (2014, 57) merge two discourse analytic approaches to analyze policy processes from different perspectives. Combining the post-structuralist approach, which leans on thoughts of Laclau and Mouffe (1985), and Martin Hajer's (1995) argumentative approach, Mikola and Häikiö point out different phases of meaning construction that together can explain dynamics of a policy process, as well as help to understand the social and political meanings of those processes. Significant concepts singled out from these approaches include "nodal points" and "empty signifiers" that create discursive "openings" in the post-structuralist approach (Mikola & Häikiö 2014, 57, see also Howarth & Stavrakakis 2000). The struggle over meaning in policy processes takes place in these points, in which also the interpretations of different parties or blocs differ. A "storyline" is the key concept of the argumentative approach. It refers to discursive "closings", i.e. interpretations shared by all parties. (Mikola & Häikiö 2014, 57.) Common for both approaches is the idea that power and power relations are linked to construction of meaning. Thus, politics should be analyzed as a struggle, in which actors fight for discursive hegemony, i.e., support for their interpretation of the questions under the struggle. Discursive hegemony is gained when there is an acceptance of a dominant interpretation of an issue: how it is understood and what meaning it is given in a particular situation. The hegemonic interpretation looks like natural and necessary part of the social reality. (Mikola & Häikiö 2014, 61.) The one who gets to characterize the policy problem also has power over the policy outcomes, as the definition of the problem holds possible solutions to it. Along with the aim to make

the others see the problems from the point of view of the discursive actor, he also aims to position the other actors in a particular way. Thus, he can characterize the appropriate behavior of other actors, as well as the appropriate and problematic elements in the policy problem. In changing politics and policies, discursive interaction is essential as it "can create new meanings and new identity, i.e., it may alter cognitive patterns and create new cognitions and new positionings." (Hajer 1995, 53-54, 59.)

Discursive openings that the post-structuralist approach emphasizes are taking place through "articulatory practices". In these processes, new meanings are coupled as well as old couplings of meanings are decomposed. New meanings, identity, and social relations are produced through coupling and decoupling of issues. Articulatory practices are based on differences that actors identify and name. Meanings are produced in processes, in which certain actors and issues are separated, and a relation between included and excluded identity is created. The post-structuralist approach emphasizes that the construction of meaning need to be open and changing; even the established meanings and practices are not eternal, they can always be challenged by new articulatory practices. In the nodal points of policy process, an opponent discourse constructed on pointing out differences can challenge the hegemonic discourse. Nodal points emerge in policy processes in linkage with issues that have opposing interpretations. Nodal points are condensed junctures in discourses where various elements of the discourse come together. In these, the actors aim to establish their interpretation as the dominant one. The meanings of issues, as well as the differences between actors, are naturalized and approved. Meanings of controversial issues can be fixed by "empty signifiers", which are concepts that can be interpreted in various, even opposite ways. These include abstract and widely accepted political aims like *democracy* or *sustainable development*. (Mikola & Häikiö 2014, 63-64.) In addition, the argumentative approach aims to point out those discursive practices that work as "inter-discursive transfer points", in which actors exchange positional statements, which form new linkages as well as discursive relationships and positionings (Hajer 1995, 56).

Whereas *an empty signifier* and *a nodal point* are concepts of discursive openings, *a storyline* is a concept of discursive closing. It refers to the interpretation of an issue (i.e., a political problem, political aims, or conditions of implementation), which all actors in the policy process share. A storyline refers to the common rules of the game that everyone in the discussion follows. (Mikola & Häikiö 2014, 65.) A storyline combines elements from many different domains and uses these as a set of symbolic references, which can suggest a common understanding for actors. Through

storylines, it is possible to overcome fragmentation and achieve discursive closure. Storylines are more than particular discourses: they are the connecting parts in different discourses that help people to make sense of the world and its practices. According to Hajer (1995, 63), metaphors, analogies, historical references, clichés, and appeals to collective fears or senses of guilt can all act as storylines. A storyline has three important characteristics: Firstly, storylines help to reduce the discursive complexity of a problem and create possibilities of solutions. Secondly, storylines give a debate certain permanence by creating mutually accepted and widely used understandings and rationalize a specific approach to what seems to be a consistent problem. Thirdly, storylines "allow different actors to expand their own understanding and discursive competence of the phenomenon beyond their own discourse of expertise or experience. In other words, a storyline provides the narrative that allows the scientist, environmentalist, politician, or whoever, to illustrate where his or her work fits into the jigsaw." (Hajer 1995, 62-63.) However, Hajer and Versteeg (2005, 177) point out that using shared terms does not mean that actors understand each other. Shared storylines hide the complexity of a discourse, as a widespread assumption of the common understanding of storylines is often false and different actors can interpret the meanings of the storylines differently. The argumentative approach emphasizes the constitutive role of discourses in policy processes. The seeming coherence of discourses has more to do with routinized practices, which help to produce the criteria of credibility for a specific discourse than actual, inherent coherence of discourses. (Hajer 1995, 44-45, 58.)

The argumentative approach to discourse analysis aims to understand meanings or whole discourses in their "argumentative context" and place them against the counter-positions criticized in discourse since the argumentative meaning can only be understood by knowing its counter-positionings. The struggle over meaning and hegemonic discourse always takes place in the context of existing institutional practices, not in a social vacuum. "Discursive software" is needed for these practices to operate and have an impact. In analyzing the dominant discourses and framings, the key task is to trace down those practices that the dominance is based on and what means are used in promoting certain arguments. Institutional arrangements set pre-conditions for discourse formation, and it is, thus, essential to find out how institutions operate through determining certain identity (subject positionings) and structure positionings, which make up the institutional machinery to be used for different purposes. (Hajer 1995, 53; 60.)

The institutional arrangements and practices form the basis for the continuity of discourses. They hold a considerable power through creating structured ways of

seeing. In these people do not recognize the positioning moment but "simply assume that this is 'the way one talks' on *this* sort of occasion." (Hajer 1995, 56-57, quoting Davis & Harré 1990, 49, original emphasis.) These kinds of routinized forms of discourse "express the continuous power relationship that is particularly effective because it avoids confrontation" (Hajer 1995, 57). The opponent faces then the question of whether to argue on the terms set by the actors on other side or insist one's own mode of expression. The risk in adapting one's own mode of expression is that the actor loses his direct influence on concrete policy-making. The assumption of the subsequent speakers using the same discursive frame is exactly where the disciplinary force of discursive practices lies. Even when the opponent aims to challenge the dominant discourse, she is expected to position her arguments according to known categories. (Hajer 1995, 57-58.) It makes possible for those in power to exclude alternative ways to understand problems and their solutions, which then become marginalized and implausible (Mikola & Häikiö 2014, 67). "In political reality, to argue against routinized understandings is to argue against the institutions that function on the basis of specific, structured, cognitive commitments" (Hajer 1995, 57), which conceive the possible topics as well as how it is possible to discuss about them. Using concepts that are not part of the discourse and not attached to it, makes the actor look like he is not discussing the issue at hand and can thus be regarded being meaningless and outside of the debate. (Mikola & Häikiö 2014, 67.) Thus, although it can be said, "that institutions function only to the extent that they are constantly reproduced in actual practices, these routinized institutional practices tend to have a high degree of salience" (Hajer 1995, 57-58). Furthermore, Richardson (1996, 288-289) indicates that the conflicts between different discourses have a central role in shaping policy processes: although real-world problems initiate the policy processes, "the discursive conflicts create settings for and permeate the policy process". Thus, making of policy is "both the generation of a response to a real-world problem, and… a critical moment where conflicts between broader socio-political, cultural or other discourses may be resolved, exacerbated, or sidestepped" (ibid).

As pointed out earlier, for analyzing the social action itself, it is essential to study language and discourse, which are preconditions of social action (Neumann 2002, 627). Again, various methods exist. The central aim is to interpret the rules of the game and put practices and their meanings in their intersubjective context. (Pouliot 2013, 53-54.) The regularity of practices over time and space structures the interaction between social agents. As pointed out earlier about the discourse analysis, the meaning of practices is established in the interaction of actors through language

and discourse. (Adler & Pouliot 2011b, 5-6.) Just like discourses, practices are repeated in social interaction, and they have a socially meaningful position, which means that people – at least in the same social environment – are usually able to recognize the meaning of practice as well as if it is performed competently or incompetently. The *competent* ways of performing practices are also constantly contested, communicated, and negotiated in social interaction. (Ibid.)

Social interaction defines the competence of practice and gives the practice its status, it is thus not only about how the subjects are performing the practice, but also about how subjects are produced through that practice (Duvall & Chowdhury 2011, 337-338). What follows, is the question of the consequences that "incompetent performance of practices" can have for the outcomes. Duvall and Chowdhury assert that leaving these out of a study would potentially mean missing the central factor in the study and losing sight of the most significant outcomes. Performing practice incompetently might have to do with having another purpose for the practice than the one it seems to be. The same practice might have different social contexts, which influence its meaning. (Ibid, 339-341.) Another view would be to look at the incompetent performance of practice from a wider perspective, which might help in identifying the meaning of the practice. Performing practices incompetently might be a way of resistance or of transgressing for groups or individuals that wish to change the current order and norms. (Duvall & Chowdhury 2011, 344.)

Another challenge of interpreting the meaning of practice is that the same performance can simultaneously be several practices, since the meaning of practice can change and be different in different contexts. Even further, the meaning that practice has for the actor can be contradictory and multiple compared to the meaning it has to the recipient. Thus, the meaning of a practice can be unstable, and it can be difficult to interpret the meaning of the practice itself. This has to do with the instability of language and the relationship between language and practice, which can be fluid and contradictory. Therefore, practices can be internally contradictory and produce misunderstandings that create separate communities around the same event or even communities in conflict. Thus, we need to go back to analyze language and discourse through which the practice is enacted and what makes the analysis of both language and practice relevant to understanding the meaning. (Duvall & Chowdhury 2011, 344-346.) This shows the importance to use discourse analysis together with the practice analysis to uncover the meanings of the practices used.

Whereas Adler and Pouliot (2011b, 5-6) emphasize the potential of practitioners to either reproduce or transform the existing structures, Duvall and Chowdhury (2011, 346) question the ability of practice theory to explain that change. Adler and

Pouliot base their analysis on the capability of practices to tie the agent and structure together so that neither one is leading the process, but both affect each other and influence the outcome of the performance of the practice. They remind that although not time-bound, practices are always contextual and linked to a process of doing something; "practices have no existence other than in their unfolding or process." (2011b, 5-6.) Practical and action-oriented background knowledge grounds practices, which also express beliefs and preferences through discourse and institutions (ibid, 5-8).

Duvall and Chowdhury (2011, 346-350), in turn, believe that concentrating on practices has the character of highlighting the stability, continuity and existing order instead of pointing out the change and trajectories of change that can happen: Firstly, because the focus on competent practices reifies existing order as the competence is in relation to existing norms and customs. Secondly, if background knowledge is taken for granted without questioning its ability to change, and its contradictory or unstable character, the change is not recorded through looking at practices. Thirdly, ignoring transgressive actors compromises the ability of the researcher to see the most likely source of change. Fourthly, since practices do not only reflect background knowledge but also ground and enact specific linguistic structure, practices can change signifiers. Therefore, it is vital to theorize the relationship between central signifiers and practices that ground them. These concerns highlight the need for closer investigation of discourses and those discursive openings characterized in the earlier part of the section. In addition, considering the incompetent performance of practices can help in answering these challenges. Furthermore, the third step in the constructivist methodology, i.e., contextualizing practices through their historicization helps to see how and why practices change over time.

2.3.6 Historicization and Contextualization as the Third Step

In the third step of putting practice approach into practice, positioning the practices through contextualization and historicization, thus, "setting meanings into motion" is essential (Pouliot 2007, 372). Meanings are "dynamic processes with past, present, and future" (ibid). These dynamics are revealed through historical analysis, which also brings forward the political contestation necessarily surrounding all forms of knowledge making claims about reality (ibid). The third methodological step, thus, includes interpreting the "intersubjective rules of the game" as well as "mapping of

the distribution of resources across players" (Pouliot 2013, 48). For this step also there are several possible methods to use, including, e.g., Foucault's genealogy, process tracing, constitutive analysis, and construction of narratives (Pouliot 2007, 372-373). In this analysis, the historicization was done through a narrative building. Using narrative building is common for IR constructivists who have build historical accounts of a certain phenomenon and dialogical narratives, which trace the evolution of debates and the contested meanings over time (ibid, 373). An important thing to remember is that constructivism is not interested in a causal analysis of social facts, because "each and every one of them is 'caused' by the same variable: collective intentionality" (Pouliot 2007, 373, referring to Searle 1995). Thus, "any social fact is brought about by the fact that relevant actors believe it to be real… The interesting question is what intersubjective context makes such a social fact possible." (Pouliot 2007, 374.)

Overall, putting practice approach into practice demands the analyst to move "along an inductive-deduction continuum, with an explicit awareness of the gains and tradeoffs associated with each movement" (Pouliot 2010a, 77). In the first step, the researcher aims to capture the "insider's perspective" on social reality by recovering actors' understandings. In the second step, the analyst seeks to objectify the subjective meanings of the actor and moves away from actor's practical logics. The purpose of this move is to put meanings in their intersubjective – cultural, intertextual, and practical – context. This is how the "whole of meanings begins to make sense", even when this operation twists practical logics. (Ibid, 77-78.) In the third step, the analyst brings time into the analysis and historicizes meanings. Researcher produces abstraction and generalization to the analysis by theoretical narratives and conceptual categories that make sense of history. Even though this "objectified knowledge" is "partly out of sync with agents' worlds, it allows the researcher to learn something other than what agents already know by connecting subjective meanings with context and history." (Ibid, 78.) For the practitioner, this "social construction of reality" often remains invisible (Pouliot 2010a, 78). The last part summarizes well the aim of this study, which was to reveal the kind of information about the reality that remains hidden from the practitioners of everyday climate politics.

2.4 Understanding Large Finnish Business Actors in Climate Politics: Choosing the Subjects and Collecting Research Material

2.4.1 Choosing and Introducing the Subjects of the Study

Initially, the study aimed to understand how large business actors, mainly multinational companies, influence the domestic and international climate politics, what are their interests in the policy field, and how they perceived the division of the responsibility between societal actors in solving the climate change problem. Since quite a bit of work concerning influencing strategies and interests of energy, especially fossil fuel, companies in climate politics already existed, I aimed to find a different perspective and to be able to compare the approaches of different industry sectors. However, later when becoming more familiar with the topic and the Finnish context, I gave up the idea that I would be able to say how much Finnish business actors have influenced domestic climate politics. In the course of the research, I came to understand that the question about the amount of influence was beyond the scope of the research material as well as the methods and theory. Thus, I focused on the political response strategies, identity and interests of business actors, which was a more appropriate topic for the study, and for which the research material does give answers.

Another important selection criterion was to have access to the subjects of the study. Due to the methodological choices, it was necessary to be able to talk to the actual practitioners, i.e., representatives of companies and industry sectors, in order to understand their thinking and social reality. At the same time, it was also important to gain first-hand knowledge from the "other side of the aisle", namely from the governmental officials: what were their practices and how they saw business actors role and in climate politics. For these purposes, I selected large Finnish companies from different industry sectors and decided to use interviewing as one of the primary methods of research material collection. I saw interviewing as the only method through which it would be possible to gain understanding about the social reality and social facts of the subjects of the study (see Pouliot 2007, 364, 369). In addition, no such material existed in beforehand, through which it would have been possible to analyze the practices of the business-government relations in the Finnish climate politics. Analyzing only the policy and position papers as well as other

documentation from the actors would not have given information that was needed for the implementation of the study.

The selection of the interviewees and conducting the interviews was done during the spring period of 2012. The most recent background information about the companies at that time was from the reports and other material published in 2011 or at the beginning of 2012. These included e.g. the most recent annual or sustainability reports as well as the web pages of the companies included.

To choose the companies for interviews, I used two criteria: The first was to have large, multinational companies, which would have their headquarters in Finland but operations in several countries, at least in Europe. The aim was to have multinational actors that would have interests in international developments of the climate politics. The second criterion was that climate change had to have a role to play in the companies' strategies so that they would be able to give answers about their interests and advocacy strategies regarding climate politics. For the selection, I first used the list provided by the Carbon Disclosure Project's (CDP) Investor report of the Nordic companies. For the report, 260 Nordic companies were asked to provide information about their greenhouse gas (GHG) emissions and climate change mitigation activities; 143 companies responded. From the 260, 49 were Finnish companies out of which 32 responded to the request, and the rest either had declined to participate or had given no response. (Carbon Disclosure Project 2011, 9; 50-55.) Together with the CDP's report, I also checked which industry sectors are the most significant GHG emission producers in Finland. Since around 80 percent of the Finnish GHG emissions come from the energy sector (SVT 2010), both the large producers and users are the key industry sectors to investigate. The most significant producers of the GHG emissions in Finland, in order of magnitude, are energy industries, transport, manufacturing industries and construction, as well as industrial processes, in which metal industry has a significant portion. (Ministry of the Environment and Statistics Finland 2009, 66; SVT 2010.)

Next, I looked into the annual reports and the web pages of the 32 companies that had responded to the CDP, to find out what kind of role climate change played in their strategies and operations. If these did not mention climate change or if there were no annual reports or other material about the firm widely available online, I excluded the company from the list. With these criteria, I got into a list of 15 companies, representing eight different industry sectors. However, not all of them held climate change as a central question for their operation. In addition, I considered that eight industry sectors would divide the analysis' attention too much. Thus, I further tightened the criteria and decided to choose only large companies

from specific industry sectors in Finland, firstly, which play a vital role in the Finnish economy and, secondly, on which climate policies affect in some way. With these criteria, I decided to choose companies operating in the energy production and companies that are large energy users from metal, material, and forest industries. To add to these quite traditional industry sectors already widely studied in connection to climate politics (see, e.g., Levy & Egan 1998; Levy & Kolk 2002; Levy & Newell 2005; Meckling 2011; Meckling & Chung 2009), I also chose companies representing technology industries and transport. I concluded that these firms would have interests in climate politics, since technology is an important area, which can provide solutions to mitigating climate change; and transport, in this case air traffic, is one of the large emission producers likely to be affected by climate policies. With these criteria, I came up with a list of ten companies, to which I sent the interview requests. Two from the list of ten companies were left out of the study because the various requests for interviews with their representatives never got an answer or the interviews were not possible to organize. Leaving those two companies out of the study did not narrow the scope of the study, as they operated in the industry sectors already represented by other companies in the study. In addition, the study never was about particular companies but about the firm-state relations and climate politics.

The list of companies to interview included Finnair (airline) Fortum (energy), Neste Oil (energy, fuels, and chemicals), Nokia (IT), Rautaruukki (materials, minerals, and steel), Stora Enso (forest), UPM-Kymmene (forest) and Wärtsilä (industrial, material, and energy technology).[12] From these the energy producers Fortum and Neste Oil, as well as the only domestic airline company Finnair are strategic companies for the State of Finland. From them, Finnair (55,8%), Fortum (50,8%), and Neste Oil (50,1%) are majority-owned by the state, and the Prime Minister's Office steers the ownership (Valtioneuvoston kanslia 2013, 17-18).[13] In their business strategies, Finnair has emphasized environmental aspects and energy efficiency (Finnair 2011), Fortum has a long-term business strategy towards carbon-free energy production (Fortum 2011, 40), and Neste Oil has developed biodiesel production more significant than any other oil company in the world has (Neste Oil 2011). From the other companies also Rautaruukki (39,7%) and Stora Enso (12,3%) are minority-owned by the state, and their state ownership is steered from the

[12] Neste Oil changed its name to Neste in 2015 (Neste 2015) but is here refferred by the name that was used during 2010-2014. Rautaruukki merged with a Swedish company SSAB in 2014 (Sjöström 2014), but in the study only Rautaruukki is looked at.

[13] State ownership percent are from the year 2012.

Solidium, a holding company entirely owned by the State of Finland (Solidium n.d; Solidium 2012, 26). For Rautaruukki, the owner of the most GHG producing production plant in Finland, climate policies pose a cost risk, but at the same time, it also has developed the products that can enhance energy efficiency or be relevant in renewable energy production. For Stora Enso as well as for the UPM-Kymmene, the significant issues in climate politics are related to the license to use the forest and to the rising energy costs, as pulp mills are large energy users. Nokia at the time of the study was still a mobile phone company that did not have substantial interests in climate politics but was and has been interested in promoting itself as a sustainable and environmental-friendly company. During the 2000s, it was also by far the biggest and, thus, most important company in Finland, thus, it was interesting to find out how it perceived climate politics. Finally, Wärtsilä as a producer of energy technologies, such as engines for vessels, gas power plants, and components for the oil companies, was a compelling case, since its business case could both benefit and lose from climate politics.

As the industry sectors were my primary interest, I also interviewed the representatives of the national industry federations representing these companies. These included the Finnish Energy Industries (Fortum); the Finnish Petroleum Federation (Neste Oil); the Federation of Finnish Technology Industries (Nokia, Rautaruukki, Wärtsilä); and the Finnish Forest Industries Federation (Stora Enso, UPM-Kymmene). In addition, I interviewd their umbrella organization the Confederation of Finnish Industries (EK), in which all the other aforementioned federations, except for the Finnish Petroleum Federation, were members at the time.[14] In the Finnish policy-making system, the industry federations have a particularly strong stand, and all of these interviewed organizations had personnel who were specialized on climate and energy questions. I interviewed the specialists who most commonly had most extensive expertise in climate policy questions in their organization.

Most often, the business actor in the IR and IPE studies is a multinational company. However, at domestic policy level, at least in Finland, usually the industry federation is a more important business actor. A challenge in the study is how far it

[14] Finnish Petroleum Federation changed its name to Finnish Petroleum and Biofuels Association in the end of 2014 (Öljy- ja biopolttoaineala 2014), but is here referred by the name that was used during 2010-2014. In 2018, its members decided to dissolve the federation due to unsolvable disagreements about climate and energy politics. (Öljy- ja biopolttoaineala ry 2018). The Finnish Forest Industry Federation has since resigned from the Confederation of Finnish Industries in 2016 (Metsäteollisuus 2016).

is possible to refer to both multinational companies and domestic industry federations as the same kind of business actors in climate politics. It is quite apparent that at the domestic level, the national industry federation is an important player that has different kinds of interests than the multinational companies, who also need to look after their interests on an international level. Then again, the whole argument from Falkner (2008) is that business actors, in general, have different interests in climate politics and are even in conflict with each other. The business conflict is apparent also within and among the various national industry federations, which have conflicting aims in climate politics. Thus, when looking at the domestic development, it makes sense to look more closely the industry sectors instead only certain multinational companies. Including both in the analysis, gave the study a more comprehensive business actor perspective.

From the governmental side, as a counterbalance for the company and federation views, I decided to interview government officials, who would deal with the company representatives in their climate change policy preparations. I identified five Ministries as central to the climate policy preparation and planning in Finland but later discovered that this was not maybe an entirely accurate view. However, as the interviews with officials were more for the counterbalancing than for actually investigating the overall Finnish climate politics, I find the sample sufficient, especially since there are two key ministries involved in the Finnish climate and energy policy-making, namely the Ministry of Employment and the Economy and the Ministry of the Environment. Addition to these two, I interviewed representatives from the Ministry of Agriculture and Forestry, the Ministry of Transport and Communications, and the Ministry of Foreign Affairs. Other possible ministries could have been the Ministry of Finance and the Prime Minister's Office, which also play some role in the Finnish climate policy-making. A choice was made for not to interview politicians for the study. Instead, I used public speeches from central ministers and parliamentary debates on climate and energy politics to cover the perspective of politicians in the study.

2.4.2 Collecting and Analyzing the Material

Qualitative Interviews

I conducted the qualitative interviews, altogether 18 of them, as theme, or focused interviews (Hirsjärvi and Hurme 2011, 47 referring to Meton, Fiske & Kendall 1956). The interviews were not structured but focused on particular themes that were discussed (Hirsjärvi & Hurme 2011, 48). I sent the interviewees in beforehand a list of approximate themes and questions that the interview would concern. Instead of detailed questions, the interviews progressed along the lines of specific themes (ibid). I asked interviewees for a face-to-face meeting of around one hour, and the actual interviews took from 45 minutes to one and half hours. In two of the 18 interviews, two representatives from the organization were present in the interview, due to their initiative. The other 16, I conducted only with one interviewee. From the results point of view, the two interviews with two interviewees were very successful as the interviewees engaged more into the discussion and reminded each other from different aspects and issues, as well as presented a bit different viewpoints. I asked all the interviewees for the permission to record the interviews as well as to site their names in the reference list of the work. However, I promised to the interviewees that I would not site them by their name or organization inside the text, not even in direct quotations. For this reason, I aimed inside the text to keep the direct quotations as anonymous as possible. In the later phase of the research, I made the decision not to site the interviewees in the reference list, as from the study's perspective, it is not as important who the interviewees are as whom they represent, which is listed in the reference list. The norm of anonymity has become very strong in the research using qualitative interview, although different perspectives about showing the names of the interviewees, especially in the case of expert interviews, have been pointed out (Alastalo & Åkermann 2010, 383).

I recorded and later transcribed each interview into a text document. In the process of transcription, I sustained the meanings and wordings of the interviews as far as possible. However, as the study does not use the kind of discourse analysis that uses vocalizations or sounds in its analysis of the material, I did not record the sounds in between of words as well as the pauses in the text. In addition, except for one interview, I conducted all other 17 in Finnish, which means that I have translated the direct quotations. In those, the actual wording might have been changed due to the differences between Finnish and English, but the aim has, of course, been to

preserve the meaning of the utterance as untouched as possible. The original quotation in Finnish is presented in the footnote.

The only structure for the interviews came from themes that I presented to the interviewees in beforehand and followed loosely, depending on the direction that the discussion in the interview took. I did not consider it inevitable to deal with all the themes in all the interviews. Instead, I let the interviewee be the one who let the discussion towards their organization's interests and essential points on the topic. The themes that I aimed to cover in each interview included following topics: (1) In each case my first question concerned the work of the interviewee and the structure that their organization had for dealing with questions concerning climate change and energy policy-making. After that, it depended on the interviewee how precisely he was willing to describe the organization and his everyday practices concerning the topic. From interviewees representing a company, I also asked what they precisely do regarding climate change, as well as if and how is climate change integrated into their (operative) business strategy. The interviews also dealt with (2) questions about the role of business actors in climate politics in international, the EU and domestic level; (3) about the importance of climate change for their company/industry sector and its (operative) strategy; (4) about the relations that the organization had with other societal actors. Other societal actors pointed out were government, other businesses, civil society, and customers. (5) The companies' involvement in the national industry federations and international business associations were also inquired. (6) I asked the business actor interviewees to describe their typical lobbying practices. From the government officials, I asked about how they deal with business actors in their work, e.g., what kind of interaction they have and how business actors present their issues to them. In addition, as described in the inductive step of a constructivist method, (7) I also asked some more difficult questions, such as "why do you want to/why is it important to influence policy-making?" There the aim was to get the interviewees to critically ponder their practices as well as to more widely describe their thinking behind the practices and why they engage in them, i.e., why the system is like it is. I adapted the interview themes according to the organization category: company, federation, or ministry. Especially, the interviews with the ministry officials took shape according to the field of the ministry as they have a particular perspective towards the Finnish climate change policymaking depending on their specific field. The themes of the interviews covered were 1) the organization's structure and practices of dealing with climate change and climate politics; 2) business actors' role in policy-making on different levels; 3) climate change in business' operational strategy; 4) relations with other actors; 5)

involvement in national or international networks or associations; 6) lobbying practices and practices in relations between governmental actors and business actors; 7) "why" -questions that would open up more the interviewees' thinking about the practices they had described.

I conducted the analysis of the interviews according to the requirements of the constructivist methodology described in the previous sections. I read the interview transcriptions various times, highlighted the themes, practices, discourses, and problem definitions that arose from the text, and collected them to make up the analysis that I will describe in the following chapters.

Other Material and Triangulation

To verify and complete the information that was gathered from the interviews, I used a method of triangulation. Using other material to check the information from the interviews helped also in performing the other two steps of the three-step-methodology used in the study. The research materials used for triangulation included following types (amount of each type is presented in brackets): The companies' annual or sustainability reports, public statements, press releases, and other publications (20); the industry federations' reports, press releases, public statements, and other publications (30); the Government Programmes (6), national policy papers, laws, and reports like the national energy and climate strategies and their background reports as well as the Parliamentary Committee reports (25), speeches from ministers as well as debates in the Parliament (9); and official documents of the EU (16). The international business perspective was brought into the analysis through an investigation conducted on the WBCSD in the earlier phases of the doctoral studies. The research on the WBCSD was based on their public reports and position papers published online (22). Also, the texts from the web pages and the reports (3) business actors have given to the Carbon Disclosure Project, were used in the analysis.[15] Some material was also gathered in semi-public events (2), and private discussions with people involved in the study organizations.[16] In addition, material from the major media sources in Finland and the EU were used to determine or confirm some details not available elsewhere in the research material

[15] These can be accessed through the web page of the CDP, but this requires a free registration as well as has limited quotas for how many reports an individual can access at a time.

[16] These might have required a pre-registration and some of them were accessed online after the event had taken place.

(~30). Those materials that were directly used in the analysis are referred to in the text and included in the reference list in the end.

2.5 Following the Three Steps of the Constructivist Methodology

The following chapters described the implementation of the research design based on the three steps of the constructivist methodology. The description analysis does not follow the order of the steps but starts from the third step and puts the political response strategies of Finnish business actors first in the context and history of the international, European and national climate politics and environmental discourses that have guided those politics from the 1990s onwards. Whereas Chapter 3 builds the context and shows the different understandings of the climate change problem, Chapter 4 focuses on the historical developments of the participation of business actors in environmental and climate politics in different levels of policy-making. These chapters aim to clarify the birth and development of certain social facts and intersubjective beliefs that have guided the "appropriate behavior" for actors in environmental and climate politics.

The description of the analysis of the actual practices and discourses of Finnish business actors is in Chapter 5. The chapter covers both the inductive step one and the interpretative step two. Whereas the first step of the methodology is largely about conducting the interviews and understanding the practices from the point of view of the practitioners, the second step is the interpretative one, explained in detail in the chapter. The aim of the second step is to interpret the practical logic behind the practices of the actors and to answer the questions like "what implicit knowledge the practitioners need to have in order to be able to understand what is going on?" (Pouliot 2013, 51.) The chapter reports the use of the methods of discourse and practice analysis, i.e. how the interpretation is made and what kind of answers to the research questions about business actors' identity and interests in climate politics are found in the analysis. It is, however, essential to bear in mind during reading the dissertation that the use of the three-step constructivist methodology means going back and forth between the steps, not orderly proceeding from first to third (Pouliot 2010a, 77).

3 STRUGGLE OVER THE UNDERSTANDINGS OF CLIMATE CHANGE PROBLEM

3.1 Centrality of the Problem Definition

To understand the political response strategies that large Finnish business actors have, it is necessary first find out how they characterize climate change as a problem and, thus, understand what kind of problem they think climate change is. Only through the problem definition, it is possible to understand both their political response as well as their actual business strategies. As pointed out in Chapter 2, constructivists understand politics as a struggle over the definition of a problem. Thus, the question about problem definition for climate change is central for the analysis of the study. It is not possible to govern a problem that does not exist, thus, first the issue needs to be created (Avant, Finnemore, & Sell 2010, 14).

Hoffmann (2013, 3-6) has described the challenge of finding or deciding the correct understanding of the climate change problem from the point of view of how to solve it. Regardless of all the knowledge from climate scientists about the reasons and possible consequences of climate change that hardly anyone questions anymore, climate science cannot tell the exact paths we should take to mitigate the threat. Consequently, deciding what kind of problem climate change is for the society has far-reaching impacts since it outlines the possible responses we take. Different understandings of the nature of the climate change problem lead to different policies and different options available to us. The complexity of climate change lies in its connectedness to practically all kinds of human activities from energy use to agriculture, from land use to transportation and from manufacturing to almost any kind of consumption. (Hoffmann 2013, 3-6.)

Hoffmann (2013, 6) further points out that scientific understanding of climate change problem cannot be directly turned into "political, economic, technological, and social definition of the problem". He lists various obstacles and uncertainties linked to different understandings of climate change problem from "social-economic-political perspective": Firstly, greenhouse gas (GHG) emissions arise from almost any human activity. Secondly, countries are unevenly dependent on

fossil fuels. Thirdly, countries' GHG emissions per capita vary considerably. Fourthly, historical and future responsibility for GHG concentrations are two different things as the countries that have contributed most to the current level are different from those of the future contributors. Fifthly, climate change mitigation now produces high costs for individual actors, but diffuse benefits in the future. Sixthly, impacts of climate change will be felt differently, and the poorest will likely suffer most. (Ibid, 6-7.) The impossibility to define the problem of climate change objectively means that the various framings we give to the problem create the actual issues we are dealing with. Thus, the understanding of the problem creates the problem the actors aim to solve. (Hoffmann 2013, 7; see also Hulme 2011.)

Keeping this complexity of the climate change problem in mind, the chapter aims next to find answers to the questions of how do business actors conceive the problem of climate change and what kind of implications these characterizations have on their actions. These social facts and intersubjective meanings influence the constitution of the identity of business actors in climate politics.

3.2 Climate Change as a Global Problem of Excess Greenhouse Gas Emissions

Currently, we have a reasonably well established understanding of the science of climate change. The leading international scientific body is the International Panel on Climate Change (IPCC) that was established already in 1988 and has since produced a respectable amount of cumulative research on the topic in its five *Assessment Reports* that came out in 1990, 1995, 2001, 2007, and 2013-2014 (IPCC n.d). At the beginning of climate politics, one of the main political response strategies of business actors particularly was to question the scientific basis of climate change. Today this strategy, at least in Europe, is no longer available for reasons ranging from accumulated climate change science to increased regulatory pressure coming from both governmental and civil society actors (see, e.g., Meckling 2015). To be able to choose a working political response strategy, business actors have needed to construct their own understandings on what kind of problem climate change is. They need to respond to both to the risks posed by climate politics and risks posed to their business case and operations by the changes in climatic system. In this study, the risks that climate change poses directly to the operations of business actors are not considered, as the study focuses on the political risks and opportunities, i.e., to

the political-societal-economic understanding of the problem of climate change (see Hoffmann 2013, 6).

As pointed out in the introduction of the chapter, the understanding of the problem opens up its possible solutions. In addition, what the actors regard as a problem, depends on their values, expectations, and interpretations. Problems do not exist objectively outside of these understandings. Usually, the problem is understood as the difference between the current situation and the desired situation, and the solution is something eliminating this gap. (Huutoniemi 2014, 30.) A big part of engaging in politics is to participate in a struggle to define the problem to be able to suggest a solution based on one's values and interests (Stone 2012, 13). Hajer (1995, 43) points out that the problem definition and the aspects of social reality it takes and does not take into account are at the heart of the political conflict. The societal actors aim to participate in the agenda-setting and issue-creation activities through which they define the problem and suggest solutions to it (Avant, Finnemore & Sell 2010, 14).

Hoffmann (2013, 7) illustrates the consequences that different understandings of the climate change problem bring to the global response of governance practices in climate politics. He describes how the problem of climate change has been understood in the multilateral climate governance, i.e. the United Nations (UN) process, as *a global problem of GHG emissions* (Hoffmann 2013, 8, my emphasis). According to Hoffmann, this conceptualization has had significant implications on the policy responses that states have taken in their climate politics. He sees *global* in the definition as an empty signifier that can incorporate various understandings about the nature of the climate change problem. (Ibid.) It is an important detail also when looking at business actors' understanding of the problem, in which *global* has a central place, but its definition differs from that of the multilateral governance process. In the UN process, global means that "all *states* should participate in the devising of a solution and that all *states* should take responsibility for participating in the solution although the responsibility should be differentiated by development level" (ibid, original emphasis). What the international community's definition of the characteristics of *global* in relation to climate change disregard are that the collective atmosphere knows no boundaries of states, there are differences of consequences that climate change brings on global and local levels, and the fact that climate change could be mitigated if only the biggest emitters would seriously engage in the issue. (Ibid.)

Alongside with global, understanding climate change as an emission problem has led the efforts of the international process to concentrate on negotiating emission

reductions: "how far to reduce greenhouse gas emissions, how to distribute reduction commitments, how to achieve reductions, and how to pay the costs of these reductions". (Hoffmann 2013, 8.) Although the GHG emissions are causing climate change, Hoffmann (2013, 9) reminds that "a focus on emissions is a focus on proximate causes of the problem", which leads to very different policy responses than concentrating on the fundamental causes, i.e., the processes that produce those emissions. Climate change as a problem of GHG emissions has become a social fact that is recreated in practices, such as in the international negotiations and domestic climate policy-making and, hence, treated as a real.

Why it is important to look in detail at the characterizations in the international process that Hoffmann so pointedly describes, is that the understanding of the problem that derives from the multilateral governance necessarily influences the political response strategies of business actors. They need to react on the policy proposals resulting from this problem characterization. Thus, even though business actors conceive the problem from their point of view, they also need to understand the problem definition of the multilateral governance process, against which they are battling. The multilateral governance process forms one of the argumentative contexts for the discourses they are participating. By the first read of the research material, it looks like business actors would agree with the multilateral governance process' problem definition. For example, the position papers of the Confederation of the Finnish Industries (EK) refer to climate change as a global problem of excess of and fast-growing GHG emissions (EK 2007; Ohlström 2013). With the concept of *global*, the EK (2007) is referring to that the climate change applies to everyone and, thus solutions need to be global. The Finnish business actors have understood that the prevailing problem characterization concerns the need to reduce GHG emissions and question both the current policy responses as well as challenge the prevailing understanding of the problem:

> If we think what the goal is, well, it is to reduce CO2 emissions. A fair way would be to those who are inefficient – if we need a ton… of something… or any service performance, from engineering logic you would think that it would be a good thing to do it… with as minimal emissions as possible. You would think that this would be encouraged.[17]

[17] "Että jos ajatellaan, että mikä on tavoite, no tavoite on vähentää hiilidioksidipäästöjä. Oikeudenmukainen tapa voisi olla se, että ne ketkä on tehottomia – että jos me tarvitaan yksi tonni… jotain… tai mikä tahansa palvelusuorite – niin luulisi tällä tavalla insinöörilogiikalla, että se olisi hyvä asia, jos se …tehdään mahdollisimman pienillä päästöillä. Niin luulisi, että sitä pitäisi kannustaa." (Representative of a firm.)

Two common framings of climate change problem by business actors are, firstly, climate change being a "market problem" or, secondly, a "manufactured risk". The solutions that these framings offer are in the first case the global price for the GHG emissions through some market mechanism and in the second case technological innovations that help us to get rid of currently pervasive fossil fuel based technologies. (Hulme 2011.) Throughout the research material, the number one solution to the problem of climate change according to Finnish business actors is the global pricing system for the GHG emissions through some market mechanism. Due to the timing of the research interviews and material gathering, emission trading rises above other market mechanisms. Probably business actors, who are already engaged in the existing EU emission trading system (ETS), know its procedures and, by 2012, have already accepted it as the market mechanism to answer the problem of climate change. The prevalence of the framing of climate change as a manufactured risk is also present in most of business actors' interviews and other research material, as they aim to defend their license to operate by framing their technology, product, or service as a part of the solution to the climate change problem.

A large part of Finnish business actors' criticism towards the current climate politics, especially on international and the European Union (EU) level derive from the problem definition in the multilateral UN process and especially from the policy responses that it has created in the EU. Business actors react to the social fact that the GHG emissions are the problem and, thus, assume that those actors who reduce the emissions in one way or another would be encouraged. The criticism stem from a perception that in the current system this is not really happening. The perception links to how the *global* part of the problem characterization as a global problem of GHG emissions is understood. As pointed out by Hoffmann, characterization of the problem in the multilateral governance level does recognize the need for all states to participate both in working out and participating in the solution of climate change problem but differentiates the responsibility according to their development level (2013, 8). However, for the large multinational business actors, this differentiation of the responsibility is a problem as they face competition on the global level from other multinationals originating from or operating in countries on various development levels. The lack of commitments from, e.g., China, India, Brazil, or South Africa means that business actors operating from these countries face fewer costs from climate policies. Not to mention the free-rider problem of the American companies, as the U.S. has remained reluctant to commit to an agreement that does not have China or India on it. (Hoffmann 2013, 9-10.)

For business actors, the *global level playing field* is at the heart of the understanding of *global* in the global problem of climate change. Accordingly, for business actors the rules would need to be the same concerning their GHG emissions, regardless of the firm's operation country. The demand rises from continued globalization of the economy from the 1980s onwards that has significantly changed the operating environment of business actors with the opening of trade and growing competition (e.g., Newell & Paterson 2010, 21-22). Large business actors in Europe and the U.S. seem to think that whereas the old developing countries have become significantly wealthier, as they have been able to benefit from the globalization of the economy, their new status has not been enough considered in their international responsibilities like in climate change mitigation. The interpretation brings tensions to business actors' political response strategies in Finland and elsewhere in the EU.

According to Hoffmann (2013, 10) the problem definition in the international UN process has caused a collective action problem: "we define the problem as one where everyone emits greenhouse gases, and we have to measurably restrict those in an enforceable way to solve the problem. This fundamental definition of the problem actually creates many of the intractable debates we have seen in the last 20 years – how much to reduce, who is obligated to reduce, what should we do if someone fails to reduce – because it inherently means distributing something costly (emission reductions)." The distribution of the costs of the climate politics is the crucial issue for the Finnish and European business actors who face more extensive costs than their competitors do in the countries that have not adapted as strict emission reduction targets as the EU has. According to business actors, the only way to mitigate climate change is that all states with significant emissions will participate, not only the EU or the industrialized countries that are not able to solve it alone (EK 2007, 8). Understanding climate change as a global problem brings the global action central for business actors' response to regulatory initiatives: in their social reality, the costs that come from local or regional GHG emission reduction measures are less acceptable if not all significant emission producers face similar measures or costs.

The international discourse on excess GHG emissions and global approach, thus, lead to a strong emphasis on fairness – as it is a question of collective action problem and dividing big costs between states and their industries. Fairness in business actors' discourse on climate policies refers to the fair distribution of costs and regulatory pressure from climate policies to all business actors – not to the fairness of cost distribution between developing and developed states like in the multilateral governance sphere. Thus, the collective action problem of dividing the costs of

climate change mitigation leads to the business discourse that calls for fairness, global level playing field, and license to operate. Business actors are worried about their share of the costs and aim to resist them, and this leads to the criticism towards the EU regulation, as the EU has decided to take a bigger than its size portion of the costs (see, e.g., Hoffmann 2013). This worry is an intersubjective belief or collective knowledge among the Finnish and European business actors: it is appropriate for them to be worried and protect their business case against foreign or global rivals.

Hoffmann (2013, 10) also makes a case for how the problem definition in the multilateral UN process limited "the policy choices available for the global response to climate change". The prevalent worldview of liberal environmentalism (Bernstein 2001), together with demands for flexibility, brought market mechanisms into the center of the global climate governance when the developed countries, particularly the U.S., "sought for low-cost mechanisms for achieving the emissions reductions" at the time of Kyoto Protocol negotiations (Hoffmann 2013, 10-11). From the multinational, high-emission business actors' perspective, the market mechanisms were more desirable compared to a carbon tax and, thus, some large European oil companies, for example, engaged in an influential campaign to promote carbon trading instead of a carbon tax that was on the planning table of the EU Commission. For business actors, emission trading has various advantages compared to the carbon tax, one of the most important being the fact that emission trading creates a new commodity. (Meckling 2011, 48-50.)

As indicated earlier, business actors primarily see climate change as a market failure (Hulme 2011): the markets have not reflected the actual costs of GHG emissions, which have led to the situation of excess emissions. Accordingly, the problem can be fixed by market mechanisms that put a price on the GHG emissions. Business actors had their part to play in introducing the market mechanisms into climate governance, even when the support for carbon trading or other mechanisms has been far from universal among business actors in general (see, e.g., Falkner 2008; Meckling 2011).[18] As the case in the multilateral governance between the state, market mechanisms for business also create uneven balances between costs and benefits that vary depending on the industry sector and operating country (ibid).

[18] Representative of an industry federation and a representative of a firm

3.3 Climate Change as a Global Problem of Transition towards Decarbonization – or Climate Change as a Market Failure and Lack of Efficiency?

Other kinds of characterizations of the climate change problem have gained ground alongside the one embedded in the multilateral governance since the international process has been unable to provide significant results in reducing emissions or curbing climate change. Hoffmann (2013, 12) calls these "transnational governance approaches" or "climate governance experiments" since they have engaged various actors from "states, provinces, environmental organizations, and corporations [to develop]… carbon markets that promise low-cost means of reducing emissions" (ibid) and they influence the replies to climate policy of different actors from individuals, communities, cities, regions, and nation-states to corporations (ibid). According to Hoffmann, these approaches are not aiming to lobby the multilateral governance process but to create rules of their own and consciously alter the behavior of some group of participants. Transnational climate governance is a "decentralized, networked, self-organized process [without] singular focus or direction... made up of multiple, often entirely independent initiatives… [Still,] it is fairly structured with observable patterns in terms of governance functions and activities [the actors]… engage in". (2013, 12-13.)

The multilateral climate governance's understanding of the climate change problem differs greatly from that of the transnational climate governance view. Both consider the problem global, but for transnational governance, the global has a different meaning. Instead of being universal and international, i.e. *between states*, like in the multilateral governance, global for transnational governance means there are various actors and various rule-making practices in multiple sites of governance. It is also flexible because the actors can "voluntarily engage in multiple venues where the multilateral process is tied to formal consensual decision-making." (Hoffmann 2013, 12-13) There is no single debate dominating the process, and also the focus of action varies. Accordingly, emissions reductions are not the only, even though still a central goal, but goals of these processes can vary, e.g., from "changing infrastructure, promoting renewables, developing green economy, emissions trading and carbon markets...[to] revolutionizing IT infrastructure" (ibid, 13). The GHG emissions are not ignored, but the focus is "on the underlying causes – fossil fuel dependence of the energy system and economy" (ibid). Hoffmann sees the transformation or transition as "the collective goal of transnational governance"

(2013, 13). The emissions reductions are not the central issue but "a side-effect of other action" (ibid). The transnational governance initiatives have been able to produce various responses, and they have a range of tools at their disposal. Downsides are both the lack of coordination and the small size of the initiatives, as well as the possibility of actors to calculate in choosing the initiative that suits them best materially or by its values (ibid). According to Hoffmann, transnational climate governance "defines climate change as *a global problem of transformation towards decarbonization*" (2013, 13, my emphasis). Even when the definition brings more policy tools available, it also increases "the fragmentation of the global response to climate change" (Hoffmann 2013, 13; see also Biermann, Pattberg, van Asselt & Zelli 2009; Biermann, Pattberg & Zelli 2010; Zelli 2011; Palmujoki 2011, 2013).

Why is the characterization of the problem of climate change of transnational climate governance interesting from the point of view of business actors' problem definition? Business actors play a role in both governance systems. In the multilateral governance system, the emissions reduction policies and measures directly target business actors operations, which are responsible for a significant part of the global GHG emissions. Whereas especially large business actors and major emitters are active in their direct lobbying for and against official policies and regulations (Meckling 2011), the transnational governance sphere gives business actors more tools to engage and influence. Firstly, business actors participate the transnational climate governance through various international and domestic voluntary initiatives. These can be related to using the tools of measuring the firms' GHG emissions, like the GHG Protocol, or informing the investors about their sustainability and emission reduction measures like the CDP Project, or various sustainability indices, such as Dow Jones Sustainability Index.[19] Also, memberships in the business associations promoting sustainability issues or initiatives with environmental nongovernmental actors (ENGO) can be listed among these various initiatives of transnational climate governance that show the variety of responses and targets they can offer.[20] All these initiatives were among the activities that the Finnish firm representatives mentioned in the interviews as part of their activities in climate politics. Alongside the external initiatives, the firms commonly have their internal

[19] Greenhouse Gas Protocol www.ghgprotocol.org; Carbon Disclosure Project www.cdp.net; Sustainability Indices http://www.sustainability-indices.com/

[20] Business associations such as the World Business Council for Sustainable Development www.wbcsd.org; Global Sustainability Initiative (GeSI) www.gesi.org. Initiatives such as the EKOenergy, which is the eco-label for energy developed by the European ENGOs and given to energy producers that follow its rules www.ekoenergy.org

climate strategies in which they have set up internal goals either for GHG emission reductions or for energy efficiency improvements, or for both. The interviewees, who mentioned these goals, emphasized that usually these goals were (much) higher than the goals proposed for the states in the international processes (such as the 20 percent reduction on the EU level by 2020). Hence, in various ways, the response to climate change and climate politics by business actors is not limited to the reactions towards the proposed regulatory initiatives by states but covers a range of other activities – or practices. These practices have a range of meanings in the political response strategy the business actor is taking towards climate change. The meanings could include adapting to the regulatory pressure, enhancing or protecting the reputation of the actor (see, e.g., Meckling 2011, 2015) but also preparing for the future transition that needs to take place in the society to mitigate climate change. The Finnish business actors seem to be widely aware that mitigating climate change means that there needs to be a transition towards decarbonization and they aim to prepare for it also through various voluntary practices to protect their business case and license to operate in the future. Through these practices, Finnish business actors also constitute their identity as active participants or "partners" in the society's endeavor to mitigate climate change. This identity building is further conceived in Chapter 5.

Typically, business actors in the sample conceived the nature of climate change problem by emphasizing that more than reducing GHG emissions in one firm's or industry sector's operations, it was about a more substantial transition, thinking about the whole system and understanding the root cause of the emissions:

> But if we think of climate change then we should not pragmatically start to think that ok, the firm needs to start modifying its thing into these [targets], but first, we would need to think what is the role of the firm in this entity and where it has the most significant potential to improve. I claim that we do not get the full credit from what we are capable of and partly it is our communication problem, but partly it is also that the paradigm is still quite traditional… [W]e have, for example, had these climate change activity measurers who have asked for these [climate] targets and I have told them that we have the energy saving target, and they have told me that "ok, fine, but should you not have climate targets?" Well, where does… energy makes those emissions and if one…does not even understand that root cause is the energy use.[21]

[21] "Mutta jos ilmastonmuutosta ajattelee niin, ei pitäisi pragmaattisesti lähteä ajattelemaan sitä, että okei, yrityksen pitää nyt ruveta viilaamaan sitä omaa juttuansa näihin [tavoitteisiin], vaan ensin täytyisi miettiä mikä sen yrityksen rooli on tässä kokonaisuudessa ja missä sillä on suurimmat potentiaalit parantaa. Mä väitän, ettei me saada täyttä krediittiä siitä, mihin meillä on kyvykkyys ja osin se voi olla meidän kommunikaatio-ongelma, mutta osin se on se, että se ajatusmalli on aika perinteinen vielä toistaiseksi… [M]eillä on ollut esimerkiksi … ilmastonmuutosreittaajia, jotka on kysyneet näitä

Interestingly, the quote also reveals another business actors' definition for the climate change problem: They can conceive the climate change problem can as a lack of efficiency in the economic system. Thus, they see enhancing energy (and material) efficiency as solution to the problem. Framing climate change as an efficiency problem also predicts sustaining the current economic system. It does not question the overall sustainability of the current consumerist habits or continued economic growth, which are common problem definitions for climate change from, e.g., ENGOs' perspective. The difference in the problem definition also explains why it often seems that different actors talk past each other in political debates. (Teräväinen 2012, 132.) Climate change as a problem of lack of efficiency is also an example of a storyline that gives a discourse a seeming coherence.

A successful firm guides its activities and operations according to a business strategy, which takes into account various elements, also those related to climate change (Porter 2008; Porter & Reinhardt 2007). As will be pointed out more in detail in the following chapters, strategy preparation is one of the key practices through which business actors have been conceiving climate change and characterizing what kind of problem it is from their perspective. The Finnish business actors in the study's sample have already taken steps to understand what climate change means from their perspective and formulated their political response strategies accordingly. Typical for the process is that these business actors have found out what happens to their business cases in the possible scenarios of climate change and climate politics, i.e., both with the natural phenomenon and with the possible future regulation. Forecasting has led them both to develop new products and services but also to adopt a new approach towards their operations that might be related to climate change. Furthermore, the development of both the business strategy for the threat of climate change and the political response strategy to climate politics are closely linked to the constitution of business actors' identity.

The understanding of *climate change as a global problem of transformation towards decarbonization* goes well together with the problem definition of large Finnish business actors. They see climate change, e.g., as a global problem of transition towards a carbon-neutral electricity production (Energiateollisuus ry 2010), or towards bioeconomy (Metsäteollisuus ry 2012), or towards green growth (EK 2010), depending of whom exactly is asked, and what kind of perspective is most suitable

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tavoitteita ja sitten mä olen esimerkiksi sanonut heille, että meillä on energiansäästötavoite, niin he on sanoneet, että "niin, niin, ihan hyvä, mutta eikö teillä pitäisi olla ilmastotavoitteita?" No mistä ne… energia aiheuttaa ne päästöt, että jos ei se… edes ymmärrä että root cause on energiankäyttö…" (Representative of a firm.)

for them. However, as already pointed in the earlier section, *global* in business actors' understanding means that the transition needs to cover all business actors on the global level to be fair for all business actors, and to create a global level playing field for all. Transition in the society means that something changes from what it is now – from a business actor's perspective something new gets build so that old infrastructure, production habits or harmful activities can change. Business actors point to investments and innovations as the main elements they believe societies need for the transition to take place. The critic towards the current policies stemming from the emphasis on emission reductions points this out well:

> In political debates, it sometimes feels that they speak about percent or tons or some kinds of targets and years and… However, I guess, all we do [to solve the problem] is actually something that someone builds something new that replaces something old.[22]

What makes it possible for business actors to be able to see the need for larger transformation that states have not been able to include in their multilateral governance approach? A probable answer lies in business actors' need to stay ahead of regulators to survive – and of course in the political struggles between states that have hindered the possibilities to characterize the problem and policies in some other manner. Firms need to reinvent their business case when the operating environment changes and, thus, both predicting and influencing the operating environment is a requirement, especially for larger business actors in the energy and manufacturing sectors.

Large Finnish business actors have engaged in the climate policy debate on various levels, and their understanding of the nature of the climate change problem differs from those promoted in the public policy-making level. Their characterization of the problem has its roots in the understandings of the multilateral governance and the EU level problem definition. Large Finnish business actors' understanding of the problem is a reaction towards the "unfair" situation that the collective action problem deriving from the multilateral governance process brings. Differing problem definitions can also explain why particular companies are not actively participating in the debates over regulatory initiatives or even national climate policy in general. It is possible that their discourse is too different from the prevalent debates, or alternatively, the regulatory initiatives are not concerning them directly,

[22] "Poliittisessa keskustelussa joskus tuntuu, että siellä puhutaan prosenteista tai tonneista tai jostain tällaisista tavoitteista ja vuosiluvuista ja… Mutta kai kaikki mikä tehdään [ongelman ratkaisemiseksi] on oikeasti jotain sellaista, jossa joku rakentaa jotain uutta, joka korvaa jotain vanhaa." (Representative of an industry federation.)

i.e., their regulatory pressure is lower. Thus, they can afford not to care so much, as they might even be benefitting from the regulation without further efforts to influence its direction.

4 HISTORY OF CLIMATE POLITICS AND DISCOURSES

4.1 Historicization and Contextualization of Climate Politics

An essential part of the constructivist methodology (Pouliot 2007, 363-364, 366) is the historicization of social facts. The chapter aims to understand how the current problem definitions of climate change, as well as the actual climate politics, have come into being through historical context, events, and discourses. The historicization part of the analysis aims to provide answers to following questions: First, how have business actors become political actors in climate and environmental politics? Second, what environmental discourses steered politics at the time, and how did they help business actors to become actively involved? Third, what developments have prompted business actors to frame themselves as solution providers instead of troublemakers? Fourth and last, what contingent practices have historically made seemingly given social facts possible, and what has influenced specific social contexts?

4.2 From Limits-to-Growth to Sustainable Development and Ecological Modernization

Falkner (2012, 503-504), describing the emergence of environmental issues on international political arena, concludes that despite various setbacks in finding practical solutions to specific environmental problems, such as climate change, international society has been 'greening' during last century. According to him, the norm of 'global environmental responsibility' is not yet fully established but is in an ongoing process to become so (ibid). The process of 'greening' has its well-documented history, in which certain events, reports, and declarations usually get more emphasis than others get. As this study also argues on behalf of the 'greening' and claims that the social reality of business actors has markedly changed during the last decades, the history of greening is presented here briefly to contextualize the

effects that these have had on business actors' operating environment and possibilities to engage in climate politics.[23]

An interesting unfolding of practice has been the way business actors participate in international environmental and development politics. Although the role of business actors in international negotiations is now recognized (and well documented) (Vormedal 2008, 36), it has not always been the case. At the beginning of the modern environmental movement in the 1960s and 1970s, economy and ecology were commonly presented fundamentally incompatible issues (Falkner 2012, 520). The first UN conference on environment, the 1972 United Nations Conference on Human Environment (UNCHE) in Stockholm, can be seen as a first sign that a general responsibility for the environment was in the rise as a new constitutive norm (ibid, 513). Before the UNCHE and immediately after the World War II, the environment was commonly seen only as a domestic policy issue in international negotiations like in the Bretton Woods system and the GATT (Bernstein & Ivanova 2007, 163). In Stockholm, both business and civil society were mostly left out of the state-driven process, and the debate in the 1970s and the UNCHE was centered on the idea of *limits to growth* (Chatterjee & Finger 1994, 105; Conca & Dabelko 1998, 19; Dryzek 1999, 36).

The Stockholm Declaration, however, stated for the first time that: "'the protection and improvement of the human environment' is 'the duty of all Governments'" (Falkner 2012, 513 quoting the Declaration of the United Nations Conference on the Human Environment). It established environmental protection as not only as a duty but also an appropriate behavior for governmental actors. Falkner also points out that the declaration revealed a rise of another norm conflict, besides the market economy and global environmental responsibility. That norm conflict was between the sovereign statehood and global environmental responsibility, which was not solved in Stockholm, and which has since resurfaced regularly as global environmental responsibility norm has gained more ground (ibid). The norm of sovereign statehood has come up also in the debate of national climate politics in Finland, where it has been attached, e.g., to the national forest and energy policy decisions. The sovereign statehood norm also exists in the background of the understanding of the climate change problem in multilateral governance sphere,

[23] The roots of environmentalism go far beyond the more radical politicization of the environment in the 1960s and 1970s. However, I will not go all the way to the end of 19th and beginning of the 20th century to trace down those roots but start from the more global politicization of the subject, which also affected the business actors more because they had gained a much prominent role in the society since the economic expansion that happened after the Second World War in the western world.

where the international and universal approach towards solving the problem has been emphasized, and the problem definition has centered around emissions reductions targets instead of foundational activities causing climate change (Hoffmann 2013, 8-11).

Structural changes of global politics, which according to Avant, Finnemore and Sell (2010, 4-6) have empowered new actors and undermined the assumptions of unitary, asocial and instrumental states as the only governors of the global, include globalization, privatization, new technologies and the end of cold war. These changes of politics originated in various changes and crises of global economy that also happened in the 1970s, including oil crisis, slowdown of economic growth, and international financial system becoming much more volatile. New economic ideologies gained ground from the Keynesian way of economic management, as the actors aimed to identify the reasons for various economic problems and crises of the time. The rightwing ideological shift was followed by the election of Reagan in the U.S. and Thatcher in the UK, and neoliberal economic theory gained a powerful position. According to neoliberalist idea, the problem was that the state had become too involved in the economic management and that had led to various crises in global economy. Consequently, the solution was to promote free markets and privatization of publicly owned industries as well as diminish the welfare state. (Newell & Paterson 2010, 18-19.)

Due to the neoliberal economic thinking of the 1980s, governments' view on markets changed, and liberal market norm progressed further. States became less interventionist and embraced more open markets (Ruggie 2007, 26). At the same time, the 'limits-to-growth' thinking was given less attention, while broad understanding of economics and the environment evolved to encompass economic growth and environmental protection. In this process, influential international economic organizations, such as the Organization for Economic Cooperation and Development (OECD), played an important role. (Bernstein 2001, 196-202; Hajer 1995, 97-99.) The OECD reports and events heavily influenced the report of the World Commission on Environment and Development: *Our Common Future*, published in 1987 (Bernstein 2001, 200). The report is best known for introducing the concept of 'sustainable development' to the broader public and defining it as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development 1987, 43). The report was one of the mediums that combined concerns for the environment and development and argued for their coexistence (ibid, 89-90). It balanced between the aims of North and South at the

time when the South worried about the environmental agenda of North as a hindrance for its economic development (Falkner 2012, 513). It thus asserted that continuing economic growth was a necessary condition for developing countries to rise out of poverty (Bernstein & Ivanova 2007, 164; World Commission on Environment and Development 1987, 89-90.). To gain broad support from governments for environmental protection – and in line with the neoliberal economic thinking – economic growth was portrayed not as a villain, but as a solution to environmental deterioration. The soon-to-be-popular concepts of sustainable development and sustained economic growth included poverty alleviation, free trade and technological innovation among their key components that *Our Common Future* and the Rio Conference report promoted (Carruthers 2005, 290-291). These elements also legitimated broader business involvement in global environmental responsibility and offered business a way to enter into international environmental politics (See esp. Schmidheiny et al. 1992).

As one of the major environmental gatherings of all times, the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, also known as the Rio Conference, was the starting point for business actors' involvement in international environmental politics. Even beyond: it can be seen as the point officially establishing new norms for dealing with the environment and development. Steven Bernstein has referred to these norms, set up in the Rio Declaration, as the 'norm-complex of liberal environmentalism' (Bernstein 2001). Here, the norms of the liberal economic order were introduced into international environmental governance. According to Bernstein, instead of embedding economy in society, the compromise of liberal environmentalism embedded the environment in liberal markets, meaning that market forces and environmental protection could go together and emphasized that development goals could best be reached within a liberal economic order. (Bernstein 2001, 97, 121; Bernstein & Ivanova 2007, 166.) According to Bernstein, norms of liberal environmentalism include free trade and liberal markets; compatibility between the environment and free markets; technology transfer through market mechanisms; economic growth as a necessary premise for other goals; human-centered development; the favoring of the market mechanisms; the polluter pays principle; the precautionary principle; and the privatization of the commons (2001, 109, 101).

Simultaneously with the development of the liberal environmentalism norm-complex and sustainable development discourse, rose also ecological modernization approach. It is an environmental discourse but also a sociological theory, an environmental management strategy for the private sector, and a political program

for some states with advanced environmental policies (Buttel 2000, 58-59; Davidson 2011, 685; Mol 1997, 139-140). Typically, ecological modernization has been linked to the most progressive environmental policies, such as those of Netherlands, Sweden or Germany, and it has also been visible in the environmental policies of the EU (Tirkkonen 2000, 28; see also Buttel 2000; Dryzek 1997; Hajer 1995). Instead of concentrating on the limits of growth and burden that the economic production is putting on the environment, ecological modernization focuses on environment induced restructuring of consumption and production processes (Mol 1997, 139). As a political practice, ecological modernization has been defined "a process of continually improving environmental productivity by mean of new technologies and management practices" (Eckersley 2004, 73). Ecological modernization, like sustainable development, assumes that environmental problems are solved not through radical changes but rather through gradual reforms, at the same time acknowledging the capabilities of change that the political-administrative system has (Dryzek 1997, 143-146; Tirkkonen 2000, 29).

The core features of ecological modernization theory recognize the central role of modern science and technology in ecological thinking – unlike the environmental philosophies of the 1960s and 1970s, in which modern science and technology were seen as primarily causing ecological and social disruption. Ecological modernization also rejects the fundamental opposition between economy and ecology and instead emphasizes the role of market dynamics and entrepreneurs for the ecological reforms. Part of the tasks and responsibilities of environmental policy-making should shift from the state to the market, which means that the state's role becomes more preventive and participative. The same would happen to the role of environmental movements, which should no longer be the critical commentators outside societal developments but independent participants with other social actors. (Mol 1997, 140-142.) Thus, ecological modernization has aimed "to catalyze the rise of radical environmental movements in Northern Europe" (Buttel 2000, 59). Instead of de-industrialization agenda of deep ecologists and substituting economic rationality with ecological rationality, the ecological modernization insists balancing between these two (ibid, ft 3).

Neither sustainable development nor ecological modernization discourse questions the persistence of the capitalist economic system or continuing economic growth (Dryzek 1997, 130, 144). Thus, their prevalence in the 1990s brought space for business actors to take a more active role in the areas of the international environmental politics and to engage in political struggles over the meaning of different concepts and practices. The emergence of these discourses changed the

way business actors' role was framed as well as their possibilities to participate in international environmental policy-making. Whereas at the beginning of the politicization of the environment, business was framed as the 'troublemaker' and economy as the opposite for ecology, sustainable development and ecological modernization changed these. Business actors started to be also seen as 'solution providers' and environmental and development goals were seen complementary, both needing the economic growth for their implementation. (Bernstein 2001; Falkner 2012; Hajer 1995; Mol 1997.) Belief in technological development and its ability to solve the ecological problems and stretch ultimate limits to growth (Dryzek 1997, 130-131) was a key issue for this change to happen. Development of these discourses and the greening of the international society helped business actors to leave behind their constant defensive position against environmentalists and to start engage in international processes and build partnerships with governments and civil society. The aim for partnerships and cooperation were both integral parts of discourses of ecological modernization (Mol 1997, 140-142) and sustainable development (Dryzek 1997, 130-131). According to Newell and Paterson (2010, 22-23), globalization changed the way governments and civil society as well as business actors work and organize. Partnerships and networks formed to help to solve problems that are more complex as well as to adapt to the faster pace of economic life. New actors gained authority and access to influence the development of global environmental politics (Avant, Finnemore & Sell 2010, 4).

4.3 Business Actors Step on the Stage of Multilateral Environmental Governance in the Rio Conference

The Rio Conference played a central role in the development of business actors' participation practices in international environmental politics since business actors had special access to the Conference secretariat through the Business Council for Sustainable Development (BCSD) (Chatterjee & Finger 1994; Dryzek 1997, 128; Schmidheiny et al. 1992). In addition, the Rio Conference coincided with the end of the Cold War, which opened up new opportunities for markets and globalization (Avant, Finnemore & Sell 2010). The BSCD was established in 1991 when its founder Stephan Schmidheiny was invited to be the principal advisor for business and industry to Maurice Strong, Secretary-General of the Rio Conference, and to present a global business perspective on sustainable development. To carry out this assignment, Schmidheiny invited 48 business leaders to become members of the BCSD. In April 1992, just before the Rio Conference, the BCSD published a book called *Changing Course - a Global Business Perspective on Development and the Environment,* which included the *Declaration of the Business Council for Sustainable Development* (Schmidheiny et al. 1992, xix; xi-xiii.) Many elements from the declaration found their way to the final report of the Rio Conference (See, UN General Assembly 1992). The Conference viewed multinational corporations (MNC) as the "key actors in the 'battle to save the planet'" (Hildyard 1993, 22). This perception changed the way big business could influence the debate on environment and development. They were no longer simply lobbyists at the national level, but as Chatterjee and Finger indicate, "legitimate global agents and partners of governments" (1994, 111-112). Business actors' identity as partners of governments is constituted through the idea that they can help the society with its various problems, including environmental issues.

However, the development of practices of business participation in multilateral environmental governance was not smooth and, obviously, did not involve all business actors. Before the Rio Conference, the participation of a group of business people in a UN conference was "unheard of" (WBCSD 2006a, 18), and the business participation in the Conference, therefore, received a rather less warm reception. The Conference's agenda was criticized for being planned by a group of business people. Critics, mostly from the civil society organizations, also pointed out that discussions about corporations' impact on the environment were limited and no global environmental standards on the MNCs' activities were made. Some critics saw this

as one of the biggest failures of the Conference. (Beder 2002, 269; Bernstein 2001, 121; Hildyard 1993, 28.) Then again, for business actors the idea was to promote free marketplace and free trade, so for the BCSD, the Rio Conference was a success and a starting point for a new era (Schmidheiny et al. 1992, xi-xii).

It can be stated that in Rio, business actors became part of the political struggle over the ideas in the field of international environmental politics. There they also were successful in promoting their views about sustainable development and business actors' role in solving the environmental and development problems. Bernstein's norms of liberal environmentalism base on the Rio Declaration, but the same list of principals can also be found in the *Declaration of the BCSD*, prepared before the Rio Conference (Schmidheiny et al. 1992, xi-xiii; UN General Assembly 1992). Thus, business actors through their involvement in the BCSD had a key role to play when this norm-complex was created. Bernstein (2001, 101) points out that in the Rio Declaration, developmental policies are equal to liberal growth-oriented policies and environmental concerns are not supposed to restrict free trade and markets, which are both expected to be perfectly compatible with environmental protection. In environmental governance, this has meant that market mechanisms and the privatization of the commons are promoted, instead of their centralized or collective management. (Bernstein 2001, 101; Bernstein & Ivanova 2007, 166.) Whereas the BCSD's advisory role in the Rio Conference was a clear opportunity for business actors to expand their role in international environmental politics, it also gave them the possibility to characterize their action as a part of the process of sustainable development (Schmidheiny et al. 1992, xix). Dryzek (1997, 124-125) points out that for business actors like the BCSD, development has usually been a synonym for economic growth and, thus, sustainable development primarily signified continued economic growth. For the first time, business actors were able to make the linkage between environmental management, economic growth, and global trade. They used this linkage as a means to establish themselves as the solution providers for the environmental problems instead of the troublemakers that they had so far been seen in international environmental politics (see, e.g., Chatterjee & Finger 1994, 129).

4.4 Multilateral Climate Governance and Business Resistance: from Rio to Kyoto

The Rio Conference was also a starting point for the organized multilateral climate governance. Whereas climate change as an environmental problem rose on the international environmental agenda already at the end of the 1970s (Falkner 2008, 94), it gained a central position through the agreement of the United Nations Framework Convention on Climate Change (UNFCCC) that was inaugurated in the Rio Conference. The treaty did not include any binding targets for the participants, but negotiations for the emission reduction provisions started in 1995 and were concluded in the signing of the Kyoto Protocol in 1997. (UNFCCC n.d.a; Aldy & Stavins 2007, 6-8.) Being not like any of the other environmental problems, which quite often remain limited in their regional or economic scope and implications, climate change has brought challenges for all societal actors. Adapting the modern society, its science, technology, and economic matters to the requirements of preventing or mitigating harmful climate change has turned out to be a more demanding task than what could have been predicted in the early days of international climate politics.

From the perspective of the success of the international negotiations', the Kyoto Protocol was a breakthrough for multilateral climate governance as it set up the first binding national greenhouse gas (GHG) emission caps for industrial countries. At the same time, it was also a particular step on the road towards more market-oriented international climate politics, since various market mechanisms were accepted to facilitate the cost-effective implementation of the targets. The market mechanisms were created to ensure the support from particular states, mainly the U.S., worrying the economic burden the reduction targets would bring to them (Cass 2006, 131, 160). The main market mechanism created to reduce the global GHG emissions was an international emission market with tradable emission allowances and quantitative targets. Although the EU had supported a carbon tax as a primary answer to the climate change problem for almost a decade, it eventually agreed with the emissions trading approach in the Kyoto Protocol. Moreover, the EU established the first regional emission trading system. The EU ETS came into force together with the Kyoto Protocol in 2005, as there was no agreement on the global emission trading system at the time. (Aldy & Stavins 2007, 8-9, 11-13; see also Meckling 2011.) Emission trading has since become one of the most studied features of the international climate politics (see, e.g., Lederer 2012a, 2012b; Meckling 2011, 2015;

Pinkse & Kolk 2009; Skjaerseth & Eikeland 2013; Skjaerseth & Wettestad 2010; among many others). Thus, we know for example that the risk of a carbon tax was one of the main drivers of the European large fossil fuel companies to support emission trading approach instead (Meckling 2015, 27).

During the negotiation process for the Kyoto Protocol, business actors at large resisted binding emission caps and strict emission regulation. Since the whole industrial economy is largely based on energy produced by fossil fuels (Newell & Paterson 1998, 682), the aims of limiting GHG emissions pose a serious economic threat to business actors in various industry sectors (Levy & Egan 2003, 804). A substantial pile of research shows how the interests of the fossil fuel industry – together with its clustering industry sectors – were the primary driver for the resistance of business actors towards an international climate change agreement (see, e.g., Falkner 2008; Levy & Egan 1998, 2003; Levy & Newell 2005; Newell & Paterson 1998, 2010; Pulver 2007; Skjaerseth & Skodvin 2003; among others). Reducing the GHG emissions was not only seen as a costly endeavor where a variety of technological developments was needed to change the industrial basis towards more climate-friendly production (Falkner 2008, 94). It also meant the economic and industrial development in which the status quo at the time would change, since some industry sectors would gain while others would lose in the revolution of energy production and economic basis of the society. Since the energy industry is a highly capital intensive sector and makes its investments for decades ahead, it would make sense for them to resist a change they know will eventually happen to postpone it as far as possible, while preparing for it to happen in some phase in any case. [24]

A particularly famous case of a business coalition actively resisting climate change regulation was the Global Climate Coalition (GCC). It was a group involving mainly US trade associations and private companies representing oil, gas, coal, automobile, and chemical companies. It campaigned aggressively during the 1990s and particularly at the time of the Kyoto negotiations to persuade public and governments that global warming was not a real threat. Due to bad publicity in 1997, companies started leaving the coalition, and in 2000 it was restructured as a coalition of trade associations, in which individual companies cannot join. (Beder 2002, 238-239; Brown 2000; Desmog n.d.; Levy and Kolk 2002, 277.) Allegedly, the GCC was successful in its lobbying efforts when George W. Bush decided to withdraw the U.S. from the Kyoto Protocol and not to sign it in 2001 (Vidal 2005). The dissolution of the GCC at the beginning of the 2000s (Beder 2002, 238-9; Brown 2000; Levy &

[24] Representative of an industry federation

Kolk 2002, 285) can be held as a sign of a more significant normative change that was going on among business actors. Many companies, especially those based in Europe, moved on to support different kinds of lobbying efforts in climate politics (Levy & Kolk 2002, 285; Meckling 2011, 81).

The agreement on the Kyoto Protocol changed many business actors' perspective towards the climate change problem. Until that point, business actors at large had remained resistant towards all regulative actions and capping of the GHG emissions by governments, like the example of the GCC shows. The signing of the Kyoto Protocol in 1997 largely 'woke them up' and led them to notice the seriousness and importance of the climate change problem in international political agenda. It also made business actors more aware of the probability of the future governmental climate regulation.[25] Particularly this happened in the EU where climate change had been approached up-front. Nevertheless, also the North American industries' investments towards low-emission technologies and their more adjusting stances towards climate change regulation became apparent right after the Kyoto Protocol was signed (Levy & Egan 2003, 804). The Kyoto Protocol marks an important point in time when business actors' approach towards climate politics started to become more adjusting. However, it also became more varied, as some industries were more capable and interested in being active on the issue while others remained reactive, passive, and even resistant. (Falkner 2008, 94; van der Woerd et al. 2000, 35-37.) Different approaches of business actors were also due to the ability of climate politics to subvert the old status quo between business sectors and to create business conflicts (see, e.g., Falkner 2008).

The Kyoto Protocol established wide agreement and acceptance of the market mechanisms as the most efficient way to mitigate climate change and strengthened the role of the norm of market-based capitalism over the global environmental responsibility norm. For business actors, establishing the international climate politics on the market mechanisms helped their engagement with the policy processes. The governments widely consider business actors to hold expertise in economic and market issues. Thus, they are often asked for opinions when economic policies are formulated. (Fuchs 2007, 74.) It has proved to be a more influential lobbying strategy in gaining access to policy making than was the strategy of the large fossil fuel lobbies questioning of the climate science (Levy 2005, 82). Bringing the economic matters at the heart of climate change politics has been one of the key things that has helped business actors – the main economic actors in society – to

[25] Representative of an industry federation

engage in the struggle over ideas in climate politics and bring their ideas of the solutions to the problem of climate change (Falkner 2012; Levy & Newell 2005, 2; Mol 1997, 140).

When the Kyoto Protocol was agreed on, in the multilateral climate governance climate change was understood as a global problem of excess GHG emissions, and the negotiation process was mainly about sharing the emissions reductions targets among (developed) countries (Hoffmann 2013, 8-11). However, the agreement also altered the earlier negotiation process by bringing economic efficiency at the heart of the process as it "became a guiding principle, which facilitated agreement on the flexibility mechanisms and undermined the norm requiring developed states to focus on reducing domestic GHG emissions" (Cass 2006, 160). For business actors, the flexibility mechanisms, as well as the principle of economic efficiency in reducing global GHG emissions, made the point in time tempting for engaging in the international negotiation process as they had a lot to gain or lose in the process.

4.5 The Road from Kyoto: Rise of Transnational Climate Governance Approaches

4.5.1 Developments in the Large Business Actors' Response after Kyoto

Due to developments at the end of the 1990s and during the first decade of the 2000s, business actors became more engaged in climate politics, and part of them changed their political response strategies according to the aim of influencing more to the direction and pace of the societal response to climate change. Some of the same companies that had fiercely resisted climate policies and lobbied both public and politicians to neglect the whole existence of the issue on the international agenda, now engaged in business associations ready to promote 'progressive' vision and business lead towards 'a more sustainable world' (e.g., WBCSD 2006a, 17, 49, 67). The Kyoto Protocol changed the social reality of business actors as it showed that the governments were ready and able to regulate large and complex issues like climate change - an approach that was not taken for granted at that time.[26] Business actors' interests changed according to political developments and in interaction with different societal actors. Since it was now more likely that climate regulation would take place, business actors needed to adapt their strategies to the new situation (see esp. Porter & Reinhardt 2007).

Whereas some of the companies had already adopted the 'progressive' approach, an opposing response strategy was still prevalent among business actors when the Kyoto Protocol was agreed on. Meckling (2011, 81) explains the division of business actors' political strategies after Kyoto by pointing out the different regulatory environments that business actors faced in the EU and in the U.S. He especially indicates to the worry of the European firms about their reputation suffering from the opposition towards climate politics in contrast to the solution provider image they had been building in the Rio process (ibid, 80). Whereas before the split, "climate politics had been a battle a relatively monolithic bloc of firms against a strong environmental advocacy network" (ibid, 81), now those moving from this bloc were forming "a loose NGO-business coalition centered around market-based climate policy" (ibid). A similar process was on-going in the U.S., where firm leaders started to worry that opposing the GHG emission reductions would affect their reputation (Cass 2006, 165).

[26] Representative of an industry federation

Many of the large companies changed their stances on climate change science already in the last years of the 1990s (Levy 2005, 89). By the end of the first decade of the 2000s, even the most conservative giant, Exxon Mobil changed its tactics in climate politics. In 2008, the old denialist and a large funder of the climate skeptics launched an advertising campaign in television in which it raised the challenge of environmentally friendly energy production and at the same time withdraw its funding from skeptical advertisement campaigns. However, its position shift was limited as it continued to oppose Kyoto Protocol as well as to emphasize the uncertainties in climate science. (Grant 2011, 200.) According to Grant, the shift from the aggressive stance to a more 'environmentally-friendly' mode was well-planned as the company found out the old strategy of casting doubt on climate science was no longer effective. It wanted to make sure that it would be able to shape the debate so that its business would be impacted as little as possible by any future regulation (ibid). In conjunction with the aim of participating in shaping the debate, Exxon was probably also interested about its brand reputation that Cass (2006, 165), Grant (2011, 199) and Meckling (2015, 22) point out as one of the drivers that have led business actors to start taking climate change more seriously in their business strategies – or at least in their political response and communication. Since brands, in many cases, had become more precious for the companies than their actual products, harming their reputation could become very costly or even threat the company's survival (Grant 2011, 199). Thus, as the discourse on climate change was getting stronger, business actors needed to stay tuned and go along by developing their arguments on the issue. Institutionalized norms, values, and ideas in the society were in flux, and business actors needed to take them seriously.

As the concern for environment and climate change in the society seemed to be leading towards more intrusive forms of regulation for business, one of business actors' main response strategies was to establish their own initiatives and take leadership in discursive and visionary thinking of sustainable future, i.e., to engage in the struggle over ideas (Stone 2012, 13). Specialized organizations for this were established for "businesses that want to enhance their environmental reputation and which serve as venues in which entrepreneurial leadership can be exercised." (Grant 2011, 200-201.) A prime example is the World Business Council for Sustainable Development (WBCSD), which is used here as an example of the new kinds of tactics – or political response strategies - that multinational business actors started to develop and engage in more after the Rio Conference and especially after the Kyoto Protocol was agreed on. The following section considers both the practices

that the WBCSD used as part of its political response strategy, as well as the motives that the MNCs had for following or participating in the WBCSD.

4.5.2 *Progressive* Political Response Strategy of Business Actors to Climate Politics

The WBCSD is a direct descendant of the BCSD, which had a central role in creating the practice of business participation in the international environmental politics in the Rio Conference in 1992. The WBCSD was founded in 1995 when the BCSD merged with the World Industry Council on the Environment (WICE), which was created as a part of the International Chamber of Commerce (ICC) after the Rio Conference. Following the BCSD's legacy, the WBCSD sees its job as defining the business case for sustainable development and securing the business' 'license to operate'. (WBCSD 2004, 13; WBCSD 2001, 3.) Another part of the legacy has been maintaining the discursive practice of framing business actors as solution providers for environmental and climate problems. The WBCSD explicitly points out that the business is no longer willing to play the role of villain or to be considered as a problem in the international environmental politics; rather, it wants to represent itself as a key problem-solver on the issue of sustainable development (WBCSD 2002, 3).

The WBCSD distances its approach from the earlier 'monolithic opposition bloc's' by describing its aim to have a "constructive, business-led approach to climate change" (WBCSD 2001, 15). By framing its philosophy as 'progressive business thought' (WBCSD 2006a, 49),the WBCSD aims to stand out from the other business advocates that use 'dirty' lobbying campaigns and hurt companies' images by being poor examples of actors on environmental issues. The worst example being the GCC introduced earlier. (Ibid, 56, 58.) Development that showed the direction of the political response strategies in the end of the 1990s was that some of the large firms that were already members of the WBCSD in 1997, such as British Petroleum (BP), DuPont, and Shell, were also members of the GCC (Beder 2002, 238; Levy & Kolk 2002, 277, 285; WBCSD 2006a, 74).[27] Some of the GCC's members, such as Ford, General Motors, and Duke Energy, later became influential members of the WBCSD

[27] Dupont and Shell were also founding members of the BCSD. They were among the first companies to leave the GCC in 1997-1998 and only Shell U.S. was a member of the GCC.

(Beder 2002, 238; SourceWatch n.d; WBCSD 1999, 29, 2006a, 75-76, 2008, 51).[28] The fact that some of the same companies were involved in both organizations indicates that norms and the social context of business actors' operation environment evolved fast in the 1990s and at the beginning of the 2000s. Particular development was the different direction that the regulatory environments in the EU and the U.S. were taking at the time (Meckling 2011, 80). The WBCSD has not questioned the science of climate change and has even demanded that governments rapidly deal with it (WBCSD 2003, 2005a, 2006b, 2). Grant (2011, 201) emphasizes the strong European leadership of the organization, which has also influenced on its positions. The organization was founded and is located in Switzerland. During its first decades, it was headed by a Swede (ibid). Currently, the WBCSD has around 200 members mostly from Europe, U.S., and Japan but also from other parts of Asia (WBCSD n.d). From the Finnish MNCs interviewed for the study four of the eight either are or have been members of the organization.[29]

The WBCSD has used various discursive practices in framing business actors as "solution providers", or "sustainable organizations", like Tregidga et al. (2008) have noted. Accordingly, the *sustainable organization* framing of business actors works to maintain a "right to speak" within the debate on sustainable development (ibid, 22). Through the sustainability discourse, the WBCSD has been successful in portraying itself as an eligible partner in tackling the international environmental issues and has been able to shape the sustainability discourse in various international political arenas. Business actors have constituted their identity as partners and experts in different aspects of sustainability, including economic development and societal well-being through issues like employment and taxation. Tregidga et al. conclude that the WBCSD's discursive framing as a sustainable organization has had an effect on broader discourse on sustainability and it has contributed to establishing the 'authoritative voice' for business organizations to stake out ground in the sustainability debate and define sustainable development from their part (ibid, 21-22). Beyond pursuing legitimacy and license to operate, business actors also aim for keeping the status quo of power relations and current societal structure including capitalist order and free markets. They are motivated to engage the debate to guide the direction and pace of the norm change.

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[28] The CEO of BP, Rodney F. Chase, was chairman of the WBCSD in 1995; the CEO of DuPont, Charles O. Holliday Jr., was chair in 2000-2001; and the Chairman of Shell, Sir Philip Watts, was chair in 2002-2003 (WBCSD.org; WBCSD 2006a, 73; Fobes.com).

[29] Fortum, Nokia, Stora Enso, and UPM-Kymmene (WBCSD 2006c, 44).

The "progressiveness" ofthe WBCSD is primarily shown in how it perceives other actors in international environmental politics. Even when asking for '"business as unusual': a radical remake of business, technology, societal structure and lifestyles," (WBCSD 2009c, 23),the WBCSD holds that this should happen within the current economic system and with continued economic growth, which is nothing new among business actors response strategies. The actual progressiveness of the WBCSD is perhaps better reflected in the practices it uses to participate in international negotiation processes. It emphasizes dialogues, partnerships, and a *learning-by-doing* approach with all stakeholders. The WBCSD has acted in an important role in shaping the transnational climate governance approach. It has sought out, according to its own words, "forums and strategic partnership and rigorous thought leadership", as well as maintained "consistent focus on constructive conversation [and] respect for all views" (WBCSD 2000, 4, 2006a, 49). The WBCSD believes that its cooperative approach, compared to the earlier opposition stances of large business actors, has "led to widespread respect for the legitimacy of the organization" (ibid). During its existence, the WBCSD has organized dozens of dialogues with stakeholders in different parts of the world (WBCSD 2007b, 19). An important part of *progressive business thought* framing is to assure the audience outside the business world that business no longer sees the environment and sustainable development "as risk factors," but as opportunities – "sources of efficiency improvement and competitive advantage" (WBCSD 2001, 3).

The idea of representing environmental policies, sustainable development, or climate change as an opportunity and not a risk has become a central framing practice in the discourse of environmental and climate politics. Business actors have used it since the end of the 1990s as it helps them to show themselves as the partners, experts and solution providers instead of "troublemakers". The opportunity framing shows they have something to gain from the environmental protection. As long as they use the risk framing, they are in danger of becoming the troublemakers or underdogs in the climate debate. The question of can climate change actually be an opportunity for all business actors is not discussed or answered, as it is a storyline – an idea that has become a social fact. Chapter 5 will discuss how the *opportunity framing* has become an essential part of the appropriate behavior of business actors in environmental and climate politics.

The legitimacy that the WBCSD has gained through its "progressive" and "cooperative" approach is likely one of the motivations for the member companies to participate in its work. Unlike dirty lobbying campaigns, participation in the work of an organization like the WBCSD is a sign of a company's interest in representing

itself as a cooperative and progressive actor on environmental and climate issues. Reputation, inevitably, has played an important role for many members in joining the WBCSD, since not all of them have had a clean record in environmental issues or could have been called very environmentally friendly (Chatterjee and Finger 1994, 130; Rutherford 2006, 86). When asked about their membership motivations in the interviews of the Finnish firms that were members of the WBCSD, they especially pointed out the possibilities to learn from other companies about best practices as well as the peer support in sustainability and CSR issues.[30]

The solutions-centered business approach that the WBCSD is promoting is based on technological development and "continued human progress", i.e., believe in technological fixes that would bring the transformation needed for the current system to become more sustainable. The actual "solutions" remain on quite a general level and solutions that are more detailed are left for the reader to find from various reports on "success stories" or "best practices" from specific firms. On a general level, the WBCSD, e.g., recommends and characterizes as part of its mission, to promote solutions categories that include innovations, eco-efficiency and the corporate social responsibility (CSR) (2003, 9; 2001b, ii; 2002, ii; 2003, ii; 2004, 11; 2005b, 1). Innovations are understood as new technologies helping to solve problems of, e.g., energy production or poverty alleviation; eco-efficiency – the key concept of the council – is simply defined as "doing more with less" (Schmidheiny, Chase & De Simone 1997, 56; WBCSD 1996, 4); and the CSR priorities include environmental protection along with other goals (WBCSD 2000, 7). Chapter 5 will point out how the firms in the study's sample also indicate their innovations, products, and services as "the solutions" they are providing for the problem of climate change.

In climate change mitigation, the WBCSD has six priority areas in which it offers business solutions. These include (1) energy efficiency and demand-side management, (2) technology, (3) carbon markets and finance, (4) sectoral approaches, (5) adaptation, and (6) land-use change and forestry (WBCSD 2009c, 11). The climate and energy positions of the WBCSD demonstrate the breadth of the large energy companies' membership in the WBCSD, as well as its belief in technological fixes. The WBCSD's positions heavily advocate nuclear power and the carbon capture and storage (CCS) as efficient ways of achieving needed emission reductions (WBCSD 2007a, 3, 2009b). The WBCSD (2009b) is also noticeably keen to advocate and further develop the market-based solutions outlined in the Kyoto

[30] The topic was discussed in three interviews with the firm representatives.

Protocol, such as carbon markets and the Clean Development Mechanism (CDM). Notably, the WBCSD is not promoting carbon tax or non-market-based climate and energy solutions in its statements.

Promotion of solutions based on the development of technology and market mechanisms also reveals how the WBCSD understands the climate change problem. Using Hulme's (2011) framings, the WBCSD frames climate change as a market failure and a manufactured risk. The WBCSD also uses the concept of eco-efficiency, which points towards framing climate change as a problem of inefficiency. The market mechanisms fix the market failure by creating a global price for carbon, whereas technological innovations can control the manufactured risk. Expectedly, various civil society actors, who conceive the problem of climate change and sustainability differently and see technology more as a problem than a solution, have criticized the WBCSD's stance (Chatterjee & Finger 1994, 135).

4.5.3 Legitimizing Private Initiatives in Transnational Climate Governance

According to Hoffmann, multiple experiments in transnational climate governance emerged out of the continuous failure of the multilateral governance process "to produce treaties and agreements that effectively address climate change [and cause the necessary transformation of the social and economic system that is] necessary to avoid the potentially catastrophic consequences of climate change" (2011, 15-16). Whereas Hoffmann lists the WBCSD as one of the experiments (ibid, 24, table 1.1), I claim that it has also been creating "governance experiments" through its work. Close cooperation with several leading international environmental nongovernmental organizations (ENGO) and international governmental organizations (IGOs), as well as several cooperative projects and memberships in prominent groups making policy recommendations, show that the WBCSD has a large footing in the international climate and energy debate and that it aims to shape those debates by its participation. (Grant 2011, 202-203; WBCSD 2000, 13, 2004, 7, 2007c, 11, n.d.b.)[31]

[31] E.g. the GHG Protocol overseen in coordination with the World Resource Institute, and the World Business Day held in the UNFCCC COP-meetings and coordinated with the International Chamber of Commerce (ICC) (WBCSD 2000, 13; WBCSD 2004, 7; WBCSD 2008, 12; WBCSD n.d.b). The WBCSD has participated in the EU's High Level Group on Competitiveness in the beginning of the 2000s and put together a recommendation from company CEOs to G8 leaders for the post-2012 climate policy framework together with the World Economic Forum (WEF) in 2008 (Grant 2011, 202-3).

The way the WBCSD has described the need of business actors to take the role of solution providers is in line with the privatization discourse that has gained ground since the 1980s together with the progress of neoliberal thought and globalization process (Falkner 2003, 73; Newell and Paterson 2010, 19). The WBCSD claims that the business "is increasingly being recognized as a solution provider", and questions what governments can and cannot successfully do on their own (WBCSD 2001b, 3, 2004, 2). The WBCSD builds the legitimacy of business actors by underrating governments' role in sustainable development. It blames them for the lack of implementation of promises made in the Rio Conference and the lack of equity in the economic growth of the 1990s (WBCSD 2001, 3, 2004, 2, 2005b, 4). Accordingly, governments are not only failing in global frameworks, the WBCSD argues, but seem to need the business sector even more on their home fronts as well:

> Governments find it increasingly difficult to deliver societal infrastructure and services like water, energy, healthcare, transport, pensions, and education. The challenges are growing due to a larger and often aging population. In searching for solutions, governments are more and more turning to business for support via partnerships and privatization. (WBCSD 2005b, 4.)

Again, the WBCSD constitutes the identity of business actors as the partners of the governments and experts in various societal issues. Keeping the privatization discourse up, business actors have been successful at changing the common perception of who should provide citizens with services such as energy, health, education and even security (e.g., Fuchs 2005, 141-142; Newell and Paterson 2010, 22-23; Weizsäcker et al. 2005). The WBCSD holds that the most important role for governments is to provide the institutional frameworks that are necessary to develop "business solutions" to achieve sustainable development, but that they have not been successful in even that (WBCSD 2006c, 3). It polishes business actors' stand with claims that "in some aspects, business has surpassed government in the pursuit of sustainable development" (WBCSD 2001, 3).

With the privatization discourse, the WBCSD is building legitimacy to the transnational governance approaches, and especially to the private governance initiatives that, it claims, could resolve problems that states have been unable to solve in their multilateral governance processes. As part of its discourse, the WBCSD reminds about its role in the Rio process. It suggests that since the Rio Conference, the governance of environmental issues has changed from a bipolar world of governments and civil society to a tripartite world of governments, business and civil society (WBCSD 2002, 3, 2003, 3), thus, emphasizing the role of nongovernmental actors in world politics. In the discourse, the business has the role of a solutions

provider; governments play the role of framework providers: they should deliver the right kind of framework for business to provide the solutions for sustainable development. The framework includes, e.g., a cost for environment and pollution (including carbon), market-mechanism-based regulation, as well as free and open markets and trade. Civil society has two roles in the discourse: the NGOs that play the role of public-trust-providers as they create legitimacy by accepting the framework of governments and supporting the business solutions through partnerships with companies and industries. The consumer-citizens serve this ideal governance structure as the sustainable-demand-providers, which keep demanding sustainable products and services as well as higher environmental standards from business and governments. (WBCSD 2002, 3, 2003, 5, 2004, 2-4, 2005b, 5, 2006c, 3-5.) If this external demand materializes, those businesses that respond accordingly will receive a reward and will profit from their work toward creating a sustainable world (WBCSD 1996, 4).

Through the *business as a solution provider* discourse, the WBCSD blames governmental policies on environmental problems and highlights the cooperation with civil society, to both promote private governance modes and slow the process of compelling governmental regulation on business. It also steers the attention away from the business activities related to environmental degradation and climate change: if the blame is on bad government policies, then it cannot be, solely, business actors' fault. By stressing governments' failure in establishing effective climate policies and the important role that business plays in providing needed solutions, the WBCSD also wants business actors to gain legitimacy and put aside the debate on the problems it has had with accountability and the undemocratic nature of its proceedings (e.g., Sklair 2002, 171). In climate politics, the WBCSD is asking for more leadership from governments and more clarity on the policy framework and long-term ambitions (Stigson 2007). It claims that at least part of business' slowness to provide solutions is due to the uncertainty of the regulatory framework, as well as the lack of "a credible partner" on the government side, and it asserts that business needs to continue to build trust with governments (WBCSD 2009a).

Continuing to legitimize its role, the WBCSD represents itself as a bridge between business and government, business and civil society, and different businesses. It also frames its partnerships with NGOs as useful for both parties: For business actors, the NGOs are the "public trust providers", since they possess public trust that businesses and governments often lack, thus their role is to legitimate business actors' initiatives. In contrast, businesses and governments have resources that NGOs need. Through partnerships, the WBCSD believes that companies can win

public trust and build new business models, while NGOs can obtain resources to work towards their goals. (WBCSD 2006c, 4.)

For the WBCSD, government failures legitimize the more prominent role of business in international environmental politics, as well as the private governance structures that the WBCSD has been actively promoting. Thus, like Hoffmann points out, the failure of governments in their framework setting, that is, failure in providing efficient treaties and agreements that would respond effectively to climate change (2011, 24), legitimizes the development of voluntary codes of conduct for companies and private standard-setting bodies. These the WBCSD has been actively promoting, especially on issues of corporate social responsibility and climate change. Usually, when engaging in voluntary environmental initiatives, the member companies of the WBCSD think that "it is better to be ahead of than get pushed around by" civil society organizations or state laws (WBCSD 2006a, 40). In addition, their expertise and knowledge in the many times highly technical, frameworks of international environmental policymaking, has given business the authority – and with it the legitimacy – to conduct self-ruling activities (Cutler 2002, 27-28; Falkner 2005, 106).

The development has to do also the heightened importance of the CSR that started to gain ground from the late 1990s onwards. The CSR emphasizes the role of voluntary reporting, voluntary codes and management systems as well as that of the consumers and investors for making the companies to work responsibly and to deliver social and environmental objectives. The core belief of the CSR is that effectively working market is the best incentive for this outcome. (Doane 2005, 217, 219-221.) One of the aims of the CSR has been avoiding governmental regulation through voluntary regulation developed by private actors.

Hoffmann points out that the experiments of transnational climate governance that he has studied "are bound together by a common liberal environmental ethos that stresses the compatibility of economic growth and environmental protection" (2011, 24). For the WBCSD, sustainable development equals continued growth, and the WBCSD naturalizes and takes for granted the whole idea of continued economic growth in its discourse. It sees opposition to growth as absurd and out of the question. For business actors, "growth remains everyone's goal" (WBCSD 2000, 3). Naturally, this is part of a discourse and problem definition, whereas various other definitions for sustainable development exists. In many other definitions, economic growth is not included the description of sustainable development, or if it is, sustainable development for them equals only more radical redistribution of power and resources and does not directly link to economic growth (Dryzek 1997, 125,

1999, 42-3). Nevertheless, the growth paradigm and its linkage to sustainable development are central for business actors, and that is why Hoffmann's finding of its prevalence also in the transnational climate governance process is fascinating.

Reminding about the central role of economic growth for sustainable development has been an essential element in the discursive strategy of the WBCSD. The tactic becomes particularly evident when the WBCSD criticizes those civil society actors that demonstrate against markets and claim to present the poor, since in the WBCSD's social reality, the markets represent the force that can best "serve the world's poorest" (WBCSD 2002, 3). Accordingly, the WBCSD highlights those NGOs that have understood the business perspective and are "beginning to realize the potential of markets as a tool for achieving sustainability" (2005b, 4). These NGOs also "have concluded that the changes needed to create a sustainable world will not come solely from governments" (WBCSD 2006c, 5). Through these framings, the WBCSD is taking part in the struggle over the meaning of markets and growth in the society. The WBCSD sees the norms of liberal environmentalism (see Bernstein 2001) prescribed in the Rio Declaration valid and worth conserving. Hence, it also takes granted the role of markets, together with business profitmaking. With these premises, business actors starts to look for answers to the changing situation in environmental and climate politics and to construct their identity on them. The purpose is to keep business and the market economy alive in changing circumstances of the social context. The WBCSD aims to legitimate corporations' license to operate by reminding society that business cannot be philanthropy, pointing out that business actors' true "contribution to society will come through … [the] core business, rather than through philanthropic programs." (WBCSD 2006c, 4.) By this, the WBCSD is pointing out that business actors' core interest of making the profit has not disappeared, even when they participate in efforts to promote sustainable development.

4.6 Multilateral Climate Governance and the EU Climate Politics in the 2000s

4.6.1 From High Expectations towards Copenhagen to the Stalling of Multilateral Climate Governance

Perhaps the most active period in international climate politics before the Paris Climate Conference in 2015 was during the years 2005 – 2009 when climate change was high on the international political agenda. The years at the beginning of the 2000s were calmer times as the details of the implementation of the Kyoto Protocol were still under negotiation, and the sufficient amount of state ratifications were needed for the Protocol to come into force. (Valtonen 2013, 145-150, 189-191.) In addition, the progress in the emission reduction activities remained limited, since the countries were waiting for the agreement to become binding (Giddens 2009, 189). When the U.S. President George W. Bush decided to withdraw the U.S. from of the Kyoto Protocol in 2001, the hopes for its entry into force were weak, and some even believed the Protocol would be "dead" (Borger 2001). However, the decision of Russia to ratify the Protocol changed the situation, and in 2005, the unlikely happened, when the Kyoto Protocol entered into force without the participation of the U.S. (Aldy & Stevins 2007, 13).

During 2006 – 2007, various important events and publications reinforced the urgency of the global climate change mitigation. These included *the Stern Review on the Economics of Climate Change* in 2006 (HM Treasury 2006), the documentary film *An Inconvenient Truth* starred by the former U.S. Vice President Al Gore in 2006, and *the Fourth Assessment Report* from the International Panel on Climate Change (IPCC) in 2007. Al Gore and the IPCC also won the Nobel Peace Prize in 2007 "for their efforts to build up and disseminate greater knowledge about man-made climate change and to lay the foundations for the measures that are needed to counteract such change" (Nobelprize n.d). The World Economic Forum (WEF) had climate change as its major theme in the 2007 Davos conference and in 2008, the WEF, together with the WBCSD, produced a list of recommendations for the G8 leaders from company CEOs about the global post-2012 climate policy framework (Grant 2011, 202). The EU reinforced its claimed leadership in the climate politics when it agreed about setting the *20-20-20* targets in March 2007. The target meant a 20 percent reduction of GHG emissions, a 20 percent renewable energy target, and a 20 percent target for the energy efficiency improvement for the year 2020. The

targets were enacted through the EU's Climate and Energy Package in 2009 – except for the energy efficiency improvement target that was only addressed in 2011 through the Energy Efficiency Plan and the Energy Efficiency Directive. (EC Climate Action n.d.)

The peak years of climate politics were to culminate into the 15th session of the Conference of the Parties (COP) of the UNFCCC, or the Copenhagen Climate Conference, organized in December 2009. In 2007, the COP13 in Bali had decided on a *Bali Roadmap*, which started a negotiation process towards a new agreement for the post-Kyoto period (2012 onwards). The aim was to finish the negotiations and have a new agreement in place in the COP15 in Copenhagen. (Valtonen 2013, 183.) A new binding international agreement on climate change was thus widely expected. However, after almost a decade of economic high turn, in 2008 the housing bubble in the U.S. burst and started a financial crisis that led the global economy in a downward spiral. After a historical economic upswing during the first years of the 2000s, the global economic crisis also hit hard the EU countries in the 2010s (Eduskunta n.d) threating to drop the climate change from its central place on the international political agenda that it had held for few intensive years. The development profoundly affected the international climate negotiations because economic worries, once again, overtook the environmental ones on political agenda and states were unable to reach the long waited consensus on a binding climate change agreement. Instead, the result of the Copenhagen Conference was a weak paper called a *Copenhagen Accord*. It was much less than expected – especially in Europe. (Valtonen 2013, 218.)

The failure of the much-expected Copenhagen Climate Conference showed the lack of political will to push for a global deal on climate change at the time of economic recession. From the point of view of the constitutive norm of market based capitalism and rising norm of global environmental responsibility, the lack of agreement in Copenhagen Conference showed the prevalence of the norm of market-based capitalism over the norm of global environmental responsibility as the states were not ready to negotiate challenging environmental issues in the midst of economic crisis (see, Falkner 2012). Instead, in particular the politicians in the Western world were to concentrate on worrying where to find new economic growth and how to carry out debt payments. Thus, for the first half of the 2010s, the quest for new sources of economic growth shaped the political agenda of the Western world, which was reflected in the discourses that conducted the international climate and environmental politics. During the years following the Copenhagen Conference, climate change dropped downwards on international political agenda while the crisis

of economy took the central stage. The trend was also highly visible in the interviews for the study: in 2012, Finnish business actors did not think climate change was very high on their or politicians' agendas compared to the more pressing economic issues closely linked to the competitiveness of the European industry.

4.6.2 Green Growth as the New Sustainability Discourse in the Late 2000s and Beginning of the 2010s

In June 2009, the Organisation for Economic Co-operation and Development (OECD) Ministerial Council adopted a Declaration on Green Growth that aimed to combine the economic recovery and environmentally and socially sustainable growth that was seen as the key challenges of the time (OECD 2009). A rise of a green economy was seen as a possible route out of the despair of the economic recession and the notion of the green economy often replaced already worn concept of sustainable development, although the contents of the discourses vary only slightly (See, e.g., EU Commission 2010; OECD 2011; UNEP 2008). The newest sustainability discourse further emphasizes the importance of economic growth in the liberal norm complex (Bernstein 2001). The theory of political opportunity structure (Meckling 2011, 33-34; Sell & Prakash 2004, 145) suggests that new policy ideas often surface in the crises when there is a need for new approaches and solutions in the new situation. Emergence of *green growth* as the new dominant discourse after the economic crisis that hit the globe in turn of the decade from 2008 onwards poses a good example of the kind of development (Jacobs 2013, 197).

The United Nations Environment Programme (UNEP) launched the first *Green Economy Initiative* (GEI) in 2008 as an aim to get governments "to support environmental investments as a way of achieving sustainable development" (UNEP n.d). The OECD *Declaration on Green Growth* from 2009 announced development a "horizontal project of Green Growth Strategy to achieve economic recovery and environmentally and socially sustainable growth" (OECD 2009). These along with work of other agencies led to the placing green economy in the context of sustainable development and poverty eradication on the agenda of the Rio+20 Conference and into its adopted resolution (OECD 2011, 11; UNEP n.d; UN General Assembly 2012). Various reports, resolutions, and strategies were published in 2011 under the title of green economy and green growth. These included the OECD Green Growth Strategy and UNEP report *Towards Green Economy: Pathways to Sustainable Development and Poverty Eradication.* Also, the WBCSD was participating, as the only business

organization, to the Poverty-Environment Partnership (PEP) that launched in the conference a report called *Building an Inclusive Green Economy for All* (WBCSD n.d.a).

According to Jacobs (2013, 199) *green economy* and *green growth* can be seen as a new discourse that updates the sustainable development discourse that started from Rio Conference in 1992. In 20 years, the momentum of sustainable development had slowed down, and it apparently had not been enough to halt the worsening of state of the global environment. Thus, some update and more positive framing for environmental policies were needed, especially in the case of climate change where the central debate has remained over the distribution of the costs of emissions reductions. (Ibid.)

Jacobs defines green growth to be mainly "economic growth which also achieves significant environmental protection" (2013, 197), in which "significant" is the keyword about which it is possible to debate (ibid). The closeness of the discourses of green economy - green growth and sustainable development can be seen especially in the UNEP's definition according to which green economy is "one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities…[A] green economy…is low carbon, resource efficient and socially inclusive" (UNEP n.d). It includes similar dimensions of well-being (economy), social equity (social) and reduction of environmental risks (environment) as sustainable development discourse. Both the UNEP and the OECD reports emphasize that green economy is not meant to replace sustainable development but to work as a driver – an operational policy - towards it (OECD 2011, 11; UNEP n.d).

On the global level in the UN and UNEP led resolutions and reports, green economy was the key concept. It emphasized especially the connection between green economy, sustainable development and poverty eradication in developing countries. However, the developed countries in the OECD and the EU were more concerned about green growth to overcome the economic crisis that hit them from 2008 onwards. The idea in the OECD 2009 declaration was that the same policy instruments that could be used to encourage green investment would also contribute to short-term economic recovery and long-term building of environmentally friendly infrastructure needed for green economy. The declaration lists climate change, environmental degradation, strengthening energy security and "creation of new engines for economic growth" as the urgent challenges that could be addressed through green growth agenda. (OECD 2009.) The EU Commission published its *Europe 2020 strategy for smart, sustainable and inclusive growth* in spring 2010 (EU Commission 2010). The strategy held similar ideas of mutually reinforcing priorities

that addressed together would not only help Europe to overcome the economic crisis but would also deliver on achieving climate targets and social cohesion (ibid, 5).

Green growth discourse can be seen as a continuation of green discourses of sustainable development and ecological modernization described in the earlier sections. Whereas sustainable development discourse suggested harmonizing the objectives of environmental protection and economic growth, ecological modernization took one step further seeing economic growth and environmental protection "mutually reinforcing goals" (Teräväinen 2012, 34-35). Green growth discourse continues on a similar path as it also emphasizes the win-win solution that considering economic growth and environmental protection together with social inclusion and poverty eradication, just like ecological modernization and sustainable development, in particular, do. Its distinct strength in policymaking is the strong emphasis on economy and growth. Like Jacobs points out: "[g]reen growth not only insists that compatibility [between economic growth and environmental protection], but claims that environmental protection can actually yield *better* growth" (2013, 199, original emphasis).

However, critical voices (Bina 2013, 1040) point to the further economization that applying green economy and green growth causes to sustainable development discourse. They emphasize that green economy only offer a simplified problem definition and solution to much more complicated and interconnected crisis ranging from financial and climate change to food scarcity, energy, and democracy. Green economy frames environmental crisis "as an opportunity for low-carbon objectives, for greening consumption, and for investment in ecotechnology and innovation, or win-win solutions" (ibid). Thus, green economy brings forward the meaning of the opportunity framing already pointed out in the earlier sections. The opportunity framing not only justifies some of the current activities, but it also persuades actors to "green" their operations and aims to protect the position of environmental policies.

Jacobs (2013, 198) points out that along with green economy and growth, also a variety of "sister concepts" are recurring, "most of them seeking to widen the idea of economic growth to become more socially equitable 'development'." These include concepts like "low carbon", "low emission", "carbon neutral", "inclusive growth", and "socially inclusiveness". However, also concepts of "bioeconomy", "resource efficient", and "energy efficient" or "innovative solutions" can be pointed out to be close to the green growth discourse (see, e.g., EU Commission 2010; OECD 2009; 2011; UNEP 2011).

Of the actual argument of green growth, Jacobs (2013, 209) indicates that the UNEP's analysis results that "protecting environment does have costs in the short term. But these should really be understood as the investments needed to generate growth in the medium to long term. There should be no surprise about this: growth theory tells us that growth results from investment, which inevitably subtracts consumption now. There is a particular urgency about environmental investment because, in every year in which it is not made, environmentally damaging and high-carbon capital will be laid down in its place, locking high emissions and resource depletion for years to come." Accordingly, the redefinition of green growth could be as "the case for a growth path which can be sustained over more than just next few years" (ibid).

From business actors' perspective, green economy or green growth are lucrative concepts for those that can gain from the transformation in the economic structures of states. It is the same case as earlier with sustainable development and ecological modernization: there will be winners and losers among the industry sectors. (Ibid, 210-1.) However, business actors most probably aim to define green growth – or some of its sister concepts – through their perspective and in a favorable manner for them. In the case of large Finnish business actors, this perspective comes up in Chapter 5.

4.6.3 EU and the Global Leadership in Climate Politics

The EU and its regulatory environment comprise one of the most important "social facts" for all Finnish actors in climate and energy politics. Climate change has been a policy area in which the EU has been successful internally and has aimed to increase its leverage also on the global level (Oberthür & Roche Kelly 2008, 42-44). Through climate policies, the EU has also been able to gain more power over the member countries' energy policies, which originally have been excluded from its jurisdiction (Ruostetsaari 2010, 39; Schreurs 2013, 359).[32]

The EU has constantly increased its authority in the domain of climate and energy policies through developing frameworks and policies that aim to regulate the GHG emissions from all sources. It has established region-wide and increasing reduction targets for the emissions. The European Climate Change Programme (ECCP)

[32] This aspect has only strengthened after the study period as the EU aims to build a common energy union (European Commission n.d).

combines all the policy measures that the EU has initiated to reduce the GHG emissions. The EU Commission launched the first ECCP in 2000 and its development involved various stakeholder groups. The second ECCP was launched in 2005. The 2020 Climate and Energy Package was finalized in 2009, and the preparations for the 2030 Climate and Energy Framework started in 2014. The 2050 Low-carbon Roadmap was published in 2010. It detailed the aim of a low-carbon economy. (European Commission Climate Action n.d.a; n.d.b.)

Currently, the EU is widely considered as a leader in environmental policies globally (Schreurs 2013, 358). However, it has not been a self-evident development considering the history of environmental policies in European countries and the issues included in the first treaties of the EC (Falkner 2007, 509; Vogler 2005, 836). Oberthür and Roche Kelly (2008, 36) claim that the EU has been taking the lead role in the global climate politics since the beginning even though its influence on the design of the UNFCCC and the Kyoto Protocol were limited. However, when the U.S. withdrew from the Kyoto Protocol in 2001, the EU had a crucial role in saving it. The EU assured the agreement on implementing rules of the Protocol as a part of the Marrakech Accords in 2001, which confirmed that the Kyoto Protocol came into force. (Ibid.) According Oberthür and Roche Kelly (2008, 42-44), the EU has at least three strategic motivations behind its aim to gain the leadership role in the global climate politics. Firstly, climate policy has been an important driver of the European integration. Environmental protection has remained principal objective for the Europeans and has gained continued support in the Eurobarometer polls. Secondly, the worry about the energy supplies in Europe increased in the mid-2000s due to the continuous rise of the oil and gas prices, on which imports the EU is highly dependent. Thus, energy security became an important issue on the Union's agenda. Thirdly, climate change as a policy area suits well to the EU's aims to reinforce its global leadership role since the Union does not have many "hard power" resources. (Ibid.) Hence, the EU aims to "lead by example", and use the available "soft" power resources including "diplomacy, persuasion and argumentation" (ibid, 36).

Falkner (2007, 510) has reservations over the Oberthür and Roche Kelly's view of the EU's aims to reinforce its global leadership role in climate politics. Falkner does not see that the EU's promotion of global sustainability agenda would be a sign of change in its foreign policy identity or would reflect the EU's fundamental values as a polity that it seeks to export abroad. Instead of seeing the regulatory internationalization solely as a normative project, Falkner (2007, 512) emphasizes the "domestic sources of regulatory export, especially domestic interest groups that lend support to internationalization efforts." Domestic interest groups have a key

role in supporting regulatory export of the EU policies and environmentally leading member states have acted as forces that have moved the regulatory export forward (ibid). Finland and its domestic interest groups have taken part in this as Finland's environmental regulation has in many cases been on a higher level compared to other EU member states. E.g., Finnish business actors in the study's sample emphasized the need to have a "level playing field" for all business actors globally and similar regulatory demands for all.

A concrete step for the EU leadership in climate politics, when approaching the Copenhagen Climate Conference in 2009, was the spring 2007 decision of the EU Council on the 2020 climate targets. These included a 20 percent reduction of the GHG emissions (Oberthür and Roche Kelly 2008, 41), a target for a 20 percent share of renewable energies in EU energy consumption by 2020 (European Commission 2008), and a 20 percent improvement in energy efficiency (EU Commission Climate Action 2016b). The 2020 Climate and Energy Package, enacted as law in 2009, included also a binding target of 10 percent for biofuels in the total mix of transportation fuel consumption by 2020 (EU Commission Climate Action 2016b; Schreurs & Tiberghien 2007, 19), which has been particularly important for Finland and some of large Finnish business actors. Other decisions of the 2020 Package included the national targets for non-EU ETS sector emission reductions. The non-ETS sector includes GHG-emission from transport (excl. aviation), agriculture, heating of buildings, waste management, and F-gases. (EU Commission Climate Action 2016b.)

For business actors, the most influential EU decision has been the development of the EU ETS. It became operational in 2005 (Skjaerseth & Wettestad 2010, 318). The European Commission, which has the right of initiative to propose new laws in the EU system (EUR-Lex n.d), started preparing for the ETS in 1998, right after the Kyoto Protocol was agreed on, and after various steps the directive (European Parliament and Council 2003b) was adopted in 2003 (European Commission Climate Action 2016c; Skjaerseth & Wettestad 2010, 317). The EU ETS is a "cap and trade" system, in which a cap on total amount of certain GHG restricts the amount that can be emitted by installations covered by the system. Over time, the cap decreases so that total emissions fall. Companies receive and buy emission allowances within the cap. These they can trade with one another as needed. (European Commission Climate Action 2016c.)

At the very beginning of the preparation of the ETS at the end of the 1990s and beginning of the 2000s, Finland was among the EU-members actively opposing it, along with Germany. Many business actors, especially the large energy users,

objected the cap and trade system as they saw it hurting the competitiveness of the European industries in global markets. They also thought it was punishing those who had already made energy efficiency improvements earlier and were very efficient compared to others. (Meckling 2011, 120.) The concept of *carbon leakage* became well-known argument towards protecting specific industry sectors in the EU area (ibid; see also Hyvärinen 2005; Skjaerseth & Eikeland 2013; UNICE 2002).

The EU Commission had a central role the adoption of the ETS as the key tool in the EU climate policy framework (Meckling 2011, 117; Skjaerseth & Wettestad 2010, 319). Although Finland and a significant part of Finnish business actors opposed the EU ETS, particular European business actors had a central role in enabling the ETS to become the primary tool for the EU to achieve its eight percent emission reduction target laid out in the Kyoto Protocol. Especially the European power and oil majors were campaigning on behalf of the ETS to avoid the carbon tax that was favored by many other actors. (Meckling 2011, 111-115.) From large Finnish business actors, only Fortum took an early stance to support the EU ETS in line with its European industry federation Eurelectic (Meckling 2011, 119), whereas the others remained in opposition.[33]

According to the interviewees, Finnish business actors did not believe that the EU ETS would become operational, especially after the U.S. had withdrawn from the Kyoto Protocol. Thus, they together with the Finnish government stayed in the opposition towards the system until the end. As an afterthought, many of the interviewees did conclude that it would have been better to engage in the debate about the details of the system earlier than to stay in the opposition, as it would have been a more influential strategy. Now, when the EU ETS is functional, business actors in Finland would not give it up anymore, as they also have been able to influence the further development of the system in its second and third phase.[34]

A three years long pilot phase of the EU ETS from 2005 to 2007 covered only CO^2 emissions from power generations and energy-intensive industries and almost all allowances were given to the businesses for free (Skjaerseth & Wettestad 2010, 319). The experience showed the problems of the system as the absence of both verified emissions data and centralized cap-setting led to "excessive allocation of allowances and a sharp fall in carbon price, which reduced incentives for participating industries to invest in carbon 'friendly' technology" (ibid, 318). Thus, the system was revised, and a new version was adopted in December 2008. This time

[33] Representatives of a firm, two industry federations, and a ministry

[34] Representatives of two industry federations and a ministry.

the EU-wide cap was introduced on the number of emission allowances, which would also decrease annually. (Ibid.) However, the economic recession that started in 2008 led to higher emission reductions than expected, which meant that again there was a significant surplus of allowances and credits, which reduced the price of carbon throughout the second phase of the ETS in 2008–2012 (European Commission Climate Action 2016c). During the third phase (2013–2020) the auctioning has become the default method for allowance allocation and harmonized rules now exist for those allowances that are still given away free (European Commission Climate Action 2016b). The economic recession forced the Commission also to reform the ETS structures during the third phase with so-called "back-loading" of auctions, which means postponing the auctioning of 900 million allowances until 2019–2020. The action does not reduce the overall number of allowances of phase three but only the distribution of auctions during the period. It was done as "a short-term solution" to improve the functioning of the system. (European Commission Climate Action 2016d.)

For European business actors, the EU ETS was only a first step towards global emissions trading system that was supposed to start from 2012 onwards and, thus, they campaigned actively towards the post-2012 international climate regime to include emission trading system (Meckling 2011, 122-123). The failure of getting the agreement in the Copenhagen Climate Conference in 2009 was a backlash against these aims for business actors as well.[35] When the research interviews were conducted, uncertainty about the future of the international climate regime development and disappointment from the Copenhagen failure channeled business actors' critic towards the EU climate policy framework. At the time, the framework was on track towards its 2020 targets, and the preparations and debates towards setting up the 2030 targets had already started and would be agreed on in 2014 (European Commission Climate Action 2016a).

Even though business actors in the EU at large saw the EU climate policy important, securing the participation of other major economies and assuring the competitiveness of European industry were pointed out as particularly important goals in the EU Commission consultation in 2013 (European Commission 2013). From the perspective of multinational business actors, the debate about tightening targets in the EU level was frustrating since they were comparing their situation against economic rivals outside the EU. The rivals did not have restrictive emission targets. From a global perspective, the EU action alone was not going to solve the

[35] Representatives of two industry federations and three firms

problem of climate change, as its proportion of the global emissions was only 10-15 percent.[36] Thus, the aim for a global emission trading system as providing the global level playing field for business actors was a key goal. The aim also proves Falkner's (2007, 512) argument that firms who are set to benefit from international regulation are also keen to support export of their domestic regulation.

[36] Mentioned by almost all representatives of companies and industry federations in the interviews

4.7 Climate Politics in Finland in the 2000s

4.7.1 Political Struggles over the Finnish Climate and Energy Policies

Regulatory Environment for the Finnish Climate Politics

The Finnish climate policy in the 2000s follows from various energy, industry, and regional policy decisions made during earlier decades. These include substantial investments in forest industries, development of technologies to produce energy from the industry's wastes, and energy efficiency improvements made in various sectors of society already from the 1970s onwards.[37] In addition, the development of the practices of the Finnish environmental policy-making started from the 1970s (see, e.g. Huutoniemi et al. 2006). The energy-intensive industry sectors became the backbone of the Finnish economic structure from the 1950s onwards. They increased national energy consumption and demanded more affordable and abundant energy in a country lacking large energy sources of its own. (Teräväinen 2012, 72.) In Finland, business actors at large, and specific industry sectors and interest groups especially have had a significant influence on many of the energy, climate, environmental, and other policies throughout decades (see, e.g., Ruostetsaari 2010; Tirkkonen 2000, 101). It is due to the economic structure of the country as well as to the history of corporatist preparatory processes in various levels of policy-making. During the times of fast economic growth, forest and later technology, industries have had an important role in Finland's economic development.

The protection of waters was the first part of the environmental policy development in Finland from the 1960s onwards where the first wastewater discharge permits date back to (Lammi 2006, 114). Although environment became a more heated political issue also in Finland in the 1970s, the confrontation was never as severe as in many other Western countries. Air quality issues followed the water protection in environmental politics from the 1970s onwards and the industry was closely involved in developing the technical fixes to measure and solve the problem of harmful emissions to the air together with the governmental and research institutions. The cooperation between different actors in solving the environmental problems and developing regulation built trust that carried also through more

[37] Representative of an industry federation

difficult issues like limiting sulfur emissions, which was agreed on in the Sulfur Committee. The committee, which produced a basis for the emissions' guideline values, had members from ENGOs, research institutes, industry federations, and energy companies, as well as from four main political parties already in the 1980s. (Tommila 2006, 96-7.) Thus, when climate change became a political issue in the 1990s, the Finnish industry was already well embedded in the national environmental policy-making and did not have a motivation or even a possibility to question the scientific basis of the phenomenon.

For a large part, climate policies in Finland have been conducted alongside or as a part of other policies, particularly together with energy policies, but also with regional and industrial policies. The emphases have varied mainly according to the power relations between the political parties in the parliament. Specific political struggles have been repeated depending on which political party has been ruling the central ministries. The struggles have been, e.g., over traditional energy production means like building more nuclear power or using more or less domestic peat, over the structure of energy taxation, or over the various issues linked to promoting renewable energy production (see, Valtioneuvosto n.d.c, 2001, 2005, 2008, 2013).

In the international and the EU climate politics, Finland has been consistent throughout the decades in supporting a strong international climate agreement and investing particularly on negotiations on the questions and rules of the forest and land use in international climate framework (Valtonen 2013).[38] Both of the issues are important for protecting the national (economic) interests: international agreement would help Finnish business actors in the global competition, and maintaining the right to use the Finnish forest, country's most significant natural resource, is considered vital for its future economic development.

Tirkkonen (2000, 133-134) notes that the Finnish climate policy was progressive already in the early 1990s. That was when Finland, e.g., was the world's first country to adopt an energy tax based on the fuel's carbon content and had a Climate Committee, which included not only officials but also representatives from different stakeholder groups. However, from the mid-1990s onwards the Finnish climate policy started to have more passive features, which were shown, e.g., in first Finland's National Reports to the UNFCCC, given in 1995 and 1997. The reports emphasized the climate change mitigation measures already fulfilled in Finland, as well as the particularities of the country's conditions that would limit the possibilities to fulfill some of the emission reduction measures. Instead, the report mentioned maintaining

[38] Representatives of three ministries

sustainable and balanced economic development as a particular national target in the report. (Ministry of the Environment 1995, 6; Tirkkonen 2000, 133-134.) During its EU membership, Finland has not been as progressive in its climate policy as could have been assumed given to its earlier history of progressive environmental policies (Sairinen & Teräväinen 2017, 132; Tirkkonen 2000, 135). Both Sairinen & Teräväinen (2017, 130) and Tirkkonen (2000, 133-135) indicate the change that took place in the Finnish environmental politics after Finland became EU member in 1995. Before the EU membership, Finland was considered to be more progressive than many other EU countries in various sectors of environmental policies and as an active actor in international environmental politics. However, even though Finland has followed the EU regulation in an exemplary way, it has not fulfilled the expectations of being a forerunner in the EU's environmental politics together with Sweden, Denmark, and Germany. (Sairanen & Teräväinen 2017, 130, 132.) Some part of the change in the Finland's progressiveness in environmental policies can be traced to the change in the negotiation and preparatory processes that came with the EU membership. The EU membership changed the earlier dynamic of traditional cooperative and corporatist culture of policy-making in environmental issues in Finland. The environment policy is one of the common policy fields of the EU where the EU has competence in all areas (European Parliament 2018) and thus the preparatory process runs through the EU bureaucracy.

Key Actors in the Finnish Climate Policy-making

The government is the most influential political body in Finland led by the Prime Minister who is the leader in domestic and in the EU policy issues, whereas the the President of the Republic leads foreign policy issues. In the climate politics, the most influential politicians are the key ministers who are members of the ministerial working group on energy and climate policy. Ruostetsaari (2010, 152) also emphasizes the role of leading government parties in guiding the energy (and climate) policy-making. In the Finnish multiparty system, these consist two of the three big parties that usually have composed the government in cooperation with some mix of smaller parties.[39] Most of the time, almost all the parties have been able to work together in different compositions of a broad government base. In this study, a

[39] For several decades, the Finnish parliament has had around eight political parties and since the 1980s the compositions of the government has changed in every four years when the parliamentary elections are held.

particular emphasis is on the developments of the Finnish climate politics in the 2000s and the 2010s, consequently the election periods from 1999 to 2015 are taken a closer look. During the 2000s one of the three large parties: the Centre Party, the National Coalition Party (KOK) or the Social Democratic Party (SDP) was leading the government, and one of them stayed in the opposition.[40] During the first election period (1999–2003), the leader was the SDP, during the second (2003–2007) and the third (2007–2011) election periods the Centre Party, and during the fourth (2011–2015) election period the KOK. According to Ruostetsaari (2010, 149-150), the two largest government parties have had a position in the national energy elite. In addition, the Greens have been influential in energy and climate politics when they have had one of the key ministers of the climate policy-making in the government, regardless of their size compared to the three larger parties. The Greens have been a member of the government during three of the four government periods from 1999 to 2015. Two times from three they have walked away from the government composition due to a favorable decision over building more nuclear power plants, which they have not been able to support.[41]

Ruostetsaari (2010, 149) has investigated the elite structure of the Finnish energy policy-making, and according to him, the most influential core group of actors in the energy policy-making has not changed much since the 1980s. The interaction network and preparatory practices in the energy policy-making have stabilized, and even the changes that have happened in the operating environment or the rules of policy-making have not opened up opportunities of influence to new actors. The most prominent change has been the EU membership that brought the EU into the inner circle of the Finnish energy policy-making structure in 1995. (Ibid.) With the EU membership, also climate policy-making became a critical element in the energy

[40] The balance between the Finnish political parties shifted in the 2011 elections when a populist party, True Finns had an election victory and became the third largest party in the parliament. They were left in the opposition at that time and, thus, did not play a major role in energy and climate politics during the study period.

[41] First time this took place during the Lipponen government in May 2002 when Greens left the government due to a positive government decision on licensing the building of the fifth nuclear power plant (Vihreät n.d). The SDP took over the position of the Minister of the Environment that Greens had held (Valtioneuvosto n.d.b). The same happened again during the Stubb government in September 2014 when the Greens left the government due to positive government decision on continuing the Fennovoima nuclear power plant building-project after major changes in the ownership of Fennovoima (Nalbantoglu 2014). After the departure of the Greens, the Minister of the Environment was from the KOK (Valtioneuvosto n.d.b). Interestingly, Greens did stay in the government in 2010 when the decision of two new nuclear power plants was made. At that time, Greens did not hold the position of the Minister of the Environment.

policy-making. The EU does not have official authority over the energy policies of its member states. Instead, it has the authority in the environmental policy, of which the decisions have often had significant effects on national energy policy-making as well. (Ibid, 39.)

Ruostetsaari (2010, 152) concludes that the core insider group of the Finnish energy policy-making in the first decade of the 2000s was formed by the EU; the government and particularly its two largest political parties; the Ministries of Employment and the Economy, of the Environment, and of Finance; the partly state-owned energy companies Fortum and Neste Oil; energy company Pohjolan Voima owned by the forest industries; Confederation of the Finnish Industries (EK), Federation of the Energy Industries, and the VTT Technical Research Center Finland. Even though the Parliament debates about the energy and climate policy issues, its power over the decisions has remained limited due to the Finnish political culture of majority governments and the EU policy-making practices, in which the government discusses directly with the EU. Hence, the government draws the main lines of policies. According to Ruostetsaari (2010, 150), the government ministers have also taken a more significant responsibility for the preparatory work on energy and climate strategies, which for example in 2008 was no longer left solely to the government officials' level to prepare. In comparison to the energy politics, in climate politics, the role of the Ministries of Agriculture and Forestry as well as of the Transport and Communications are more emphasized. In addition, the industry federations of the forest industries and the technological industries have more interests to defend when climate policies are prepared together with energy policies.

Struggle over the Organization of Climate Policy-making

An example of a political struggle – and an actual practice – that has had a long-time influence on the preparation of the Finnish climate and energy policy is the political background of the choice of the Ministry of Trade and Industry as the coordinating ministry in the energy and climate strategy preparation (Kerkkänen 2010, 149).[42] The choice has led to a specific path dependence on how the climate policies have been formulated since. In 1999, Prime Minister Lipponen set up the first ministerial group to prepare the nation's first climate strategy, and the lead was given to the Minister

[42] From 2008 onwards the Ministry of Employment and the Economy, as the Ministry of Trade and Industry and the Ministry of Employment merged. Both ministry names are used in text depending on the year the reference is made.

of Trade and Industry, Sinikka Mönkäre. At that time, the central energy policy question was if Finland builds the fifth nuclear reactor or not. Only less than a decade earlier, in 1992, the parliament had decided against building more nuclear power. However, by the end of the decade, the question had risen on the agenda again. The main government parties, the SDP and the KOK, were supporting more nuclear power and the climate strategy under preparation was by many seen as a means to show the need for a new nuclear reactor. (Kerkkänen 2010, 149.) The outspoken aim of the first national climate strategy was to fulfill the national obligations of the Kyoto Protocol mainly by domestic actions, but "without weakening the economic growth and employment and so that the actions would support decreasing the public debt" (Valtonen 2013, 105; see also Valtioneuvosto 2001). The aim shows clearly how economic growth and employment have been the priority objects over the environmental or climate change mitigation targets.

The Minister of Trade and Industry, Sinikka Mönkäre (SDP) was a known supporter of nuclear power and the Minister of the Environment, Satu Hassi (Greens), was a known opponent. This speaks on behalf of the political interests being at least partly behind the decision to give the preparation responsibility of the climate strategy to the Ministry of Trade and Industry. Giving the leadership in the national climate change mitigation preparation to the Minister of Trade and Industry and not to the Minister of the Environment was a major political decision since at that time climate change was still seen mainly as an environmental issue. That shows in, e.g., that when the government report on the first national climate strategy (Valtioneuvosto 2001) was given to the parliament, it was referred to the Environment Committee for reporting (Eduskunnan ympäristövaliokunta 2001), not to the Finance Committee that usually deals with the issues of the Ministry of Trade and Industry. In 2005, 2008, and 2013, the government reports on National Energy and Climate Strategy have been referred to the Finance Committee (Eduskunnan talousvaliokunta 2006; 2009; 2013). As appeared in the interviews, some ministry officials consider it an advantage that climate policy is prepared under the Ministry of Employment and the Economy, as this emphasizes its character as not only an environmental problem but also an issue that has significant consequences for the economy and employment. However, this thinking also points to the weaker position of the environmental policies compared to the economic policies in the Finnish policy-making, and further to the position of the global environmental protection norm against the norm of marked-based capitalism.

The decision to give the permission to build the fifth nuclear power reactor was taken by the Finnish parliament in May 2002. In the 2001 climate and energy strategy, the nuclear power was regarded as the cheapest available means to achieve the emission target set for Finland in the Kyoto Protocol (Valtioneuvosto 2001), an outcome that probably influenced the decision on the permission (Hakapää 2004, 27). The intersubjective belief, shared by many of the politicians and business actors at the time, was the continuously increasing energy consumption and, hence, the need for new production capacity that would bring more energy available for the Finnish consumers (see Mönkäre 2000). The industry was one of the loudest and most influential supporters of the nuclear decision made in 2002 (Hakapää 2004, 27, 31).[43] Among the political parties in the parliament, the support and opposition for nuclear power varied: the major government parties KOK and the SDP mainly supported building more nuclear power whereas the smallest government party Greens opposed it. The main opposition party Centre party was divided in the question. (Hämäläinen 2002; Eduskunta 2002.) Both the historical and political context at the time of the preparation of the first national climate strategy shows why choices made back then have had a significant effect on how the national climate policy has formed since. The perspective in preparation process could have become different if the responsibility between the ministries was distributed differently. In addition, the decision to build more nuclear power has shaped the Finnish actors' approach to building more renewable energy production during the first decades of the 2000s. The approach puts Finland in a different category with European countries with a different approach, such as Germany and Sweden (see, e.g., Hakapää 2004, 23-24; Halme et al. 2014, 2).

Nuclear power became a question again during Vanhanen's second government term in 2007-2011. In 2010, the parliament accepted two new permissions for building nuclear power plants. The decision was taken after the energy and climate strategy of 2008 as well as the government foresight report on climate policy in 2009 were given to the parliament, which amplified the fact that climate policy was one of the leading arguments in the debate. Those who supported the decision emphasized not only climate policy but also the competitiveness of the Finnish industry as well as maintaining a high level of employment. The main climate policy argument for the supporters of nuclear power was the electrification of various areas of society,

[43] Representative of an industry federation

where the fossil fuels were now the primary energy source.[44] According to the supporters, the electrification development would increase the need for electricity even if the total energy consumption declined. (Eduskunta 2010, 4-9.)

Struggles over Renewable Energy Production

Already the 2002 decision on building more nuclear power brought up the question of the extent of the simultaneous investments to the renewable energy production. The issue was even more critical during the second decision on nuclear power in 2010. The Greens and the Left Alliance, opposing the decision to give new permissions to nuclear, claimed that the decision would hinder the possibilities of substantial growth in renewable energy production as well as discourage investments into energy saving and energy efficiency that would otherwise be profitable. (Eduskunta 2010, 10-13.) However, the debates in the Parliament indicate that climate change had gained more ground in politicians' social reality between 2002 and 2010. In 2010 also those parties that were divided in the question on nuclear power, were emphasizing more the investments to energy efficiency and renewable energy production than during the first nuclear power decision in 2002, and climate change had become a prevalent issue in all arguments (Eduskunta 2002, 2010). The presence of the climate issue on both international and domestic political agenda and various arenas throughout the years of the first decade of the 2000s had made it a standard or even important part of the political discussions, a social fact for all actors.

The renewable energy production and the means of its public support comprise another central area of the Finnish energy and climate policy debate during the 2000s. Since the forest is the most abundant natural resource in Finland, it is not surprising that wood and biomass-based energy production has been the main means for Finland to produce renewable energy. The debates about a large-scale biofuel production started both on the international and domestic level at the end of the 1990s. The EU published *the Green Paper: Towards a European Strategy for the Security of Energy Supply in 2000* (European Commission 2000), in which it proposes a programme for substituting 20 percent of all fuel consumption by 2020 with substitute fuels, including biofuels (ibid, 13) and 7 percent from biofuels by 2010 (ibid, 43). The Commission issued the biofuel directive in 2003 (European Parliament and Council 2003a). At that time, one of the biggest concerns was that

[44] Such as transport and heating of buildings

the production would compete with the food production since the first generation biofuels were mainly produced from grains and oilseeds (Eduskunta 2006; European Commission 2000, 43). Especially the Centre Party led governments have emphasized replacing fossil fuels in energy production by biomass-based energy production. The biofuel production and replacing oil by them was promoted during the two government terms of Prime Minister Vanhanen. The 2005 energy and climate strategy emphasizes the need to increase research and development (R&D) inputs into developing biofuels as one of the new energy technologies that Finland would benefit from (Valtioneuvosto 2005, 28). Finland implemented the biofuel directive in 2007 when the first act on promoting biofuels in transport (Laki biopolttoaineiden käytön edistämisestä…) was adjourned. In addition, *bioeconomy* became the "buzzword" of the future development of the industrial policies during the government terms from 2003 to 2009. (Valtioneuvosto 2005, 2008; Valtioneuvoston kanslia 2003a, 2003b, 2007; Vanhanen 2007, 2009.)

Struggles over the Use and Production of Domestic Peat

A linked issue to the biomass-based renewable energy production has been the use of domestic peat and if it is considered as a fossil or a "slowly renewable" biomass fuel, as Finland has defined it (Leinonen 2010, 61). From the climate change perspective, peat is harmful as its lifecycle GHG emissions are calculated to be as large as those of coal are. In Finland, peat has traditionally produced between 15-22 percent of fuel based GHG emissions. (Leinonen 2010, 61.)[45] Peat is mainly used in CHP (combined heat and power) plants, often in combination with other biomass-based fuels, as it helps in increasing the efficiency in burning some of the less-well burning biomass. Peat has an important role also in the national security of supply, as large amounts of it can be stored for longer periods, unlike other domestic fuels. (Ibid, 16-17.) From Finnish business actors, forest and energy industries have both been advocating for continued use of peat. One aspect that the forest industry has emphasized is that using peat means that less need for wood-based fuels. The fear of competition in the use of industrial wood often rises in connection with the increase of biomass-based renewable energy production. (See, e.g., Punnonen 2013.)

[45] Around 28 percent of the land area of Finland is swamp (Luonnontila.fi, n.d). Around 1 percent of the swamp area is used in peat production and peat is one of the rare domestic fuels in Finland. Its use grew in the 1970s after the oil crisis when the development of the technology for its exploitation in energy production started. (Leinonen 2010, 9-11.)

Katainen's government programme in 2011 made an exception from the previous government programmes and energy and climate strategies, as it introduced a moderate rise in the taxation of peat (Valtioneuvoston kanslia 2011). The 2013 energy and climate strategy was the first that aimed to reduce the use of peat due to the environmental damage it causes (Valtioneuvosto 2013). These are exceptions from earlier aims, as the 2001 climate and energy strategy (Valtioneuvosto 2001) introduced an international goal to get peat out of the fossil fuel category. The aim was successful in the 2006 IPCC report, which introduced peat in its own category between fossil fuels and biomass-based fuels (Leinonen 2010, 61). In the 2005 energy and climate strategy peat was defined as "a slowly renewable" energy source (Valtioneuvosto 2005, 22). The strategy also aimed to secure peat's status against the import of fossil fuels. Both the tax and the tax support for peat were removed in 2005. (Ibid, 27, 35.) An active aim to define peat as a slowly renewable energy source on the international level was again emphasized in the 2008 energy and climate strategy during the Vanhanen' second government period (Valtioneuvosto 2008). What changed from 2008 to 2011 and Katainen government's program was that the Centre party was no longer in the government. The production and use of peat has an important regional dimension, and it forms a part of the decentralized energy production that is typically favored by the Centre party. The second influential point is that the Greens, who had aimed to reduce the utilization of peat for years, got the position of the Ministry of the Environment in Katainen's government that led them to a more powerful position to be able to influence the peat use from the environmental perspective.

Struggles over Support Systems and Taxation

Another largely debated question in renewable energy production has been its support system. The debate can be traced starting from the so-called "stick package" that was included in the 2002 nuclear power plant decision.[46] It was meant to support the renewable energy production if the positive decision on building the fifth nuclear power plant was made and, thus, gain more support from those politicians hesitating in their support for the decision. The package, however, was not binding so it did not cause much to happen. In 2010, together with the second decision to build more nuclear power, also a second "stick package" was introduced. This time it included

[46] Risupaketti

binding resolutions of increasing the Finnish renewable energy production to the EU target of 38 percent by 2020. (Jaakkola 2010.) The main aim was to replace coal by using more biomass-based renewables, but also wind, biofuels and heat pumps were essential parts of the package (Vihreä lanka 2010). At the same time, the decision was made to introduce a feed-in-tariff system for renewable energy production in new facilities that included wood chips, wind, biogas, and wood fuels (Laki uusiutuvilla energialähteillä…).

Although the *bioeconomy* remained an outspoken goal, the Katainen's government emphasized the role of developing clean technologies as the most important field for growth in climate change mitigation more than the earlier governments had (Katainen 2013; Valtioneuvosto 2013; Valtioneuvoston kanslia 2011). The economic downturn from 2009 onwards had an apparent effect on the emphasis on climate policy. The tone of political speeches was much more optimistic in 2007 than in 2013, as also were the extent that the climate was dealt in political discussions. From 2007 to 2010 climate change was high on agenda, whereas in 2013 it was only a mentioning between questions of welfare reforms and economic issues. (Vanhanen 2007, 2009; Katainen 2013.)

A particular issue of business actor's interest during the Katainen government was the energy taxation that was also mentioned as an important issue in the interviews with business actors. Here the timing of the interviews during spring 2012, when the Katainen government programme had been negotiated only a year earlier, obviously influenced the issues that the interviewees brought up and the perspective they had. Two central taxation issues of the Katainen government were the introduction of the energy cutter that the industry federations were explicitly supporting and lobbying for all government parties during the election campaign in 2011.[47] Another was the case of the windfall tax that was a great paradox in the Finnish energy and climate politics in the 2000s.

The energy cutter is a system where the companies using a lot of energy get tax returns when they pay above a certain limit of energy tax each year. The system is supposed to improve the competitiveness of these companies in global arena and thus prevent carbon leakage by reducing the costs of climate policies. All of the large industry federations, led by EK, were campaigning for the energy cutter in the 2011 elections and they got the support of the main parties for the change. Katainen government programme introduced the system (Valtioneuvoston kanslia 2011) and it was implemented from 2012 onwards. The interviewed representatives of the

[47] Representatives from three industry federations

industry federations were particularly content about the system in place. However, it has later been criticized of supporting specifically the large energy-intensive companies and being an extra subsidy that has discouraged investments in more energy efficient technology (See, e.g., Tamminen, Ollikka & Laukkanen 2016).

The windfall tax is another case of success from the industry lobby, although this time for the reverse direction: the tax was never introduced after hard lobbying by the leading energy producers together with few other industry sectors. Although the tax was included in Katainen's government programme (Valtioneuvoston kanslia 2011), it was not implemented before the change of Prime Minister in 2014.[48] As the Prime Minister Stubb's government took power, the tax was abolished from its lightly edited government programme (Valtioneuvoston kanslia 2014), in line with the will of the industry lobbies. From the beginning, the idea of windfall tax was quite controversial as it was planned to tax those energy production plants put in place before 2004 that did not produce GHG emissions but were able to introduce the carbon prices of the EU ETS to their energy prices. These were widely considered to be undeserved profits that should be taxed. However, as the energy production was partly renewable energy sources, mostly hydro, or nuclear power plants, they were paradoxically against the idea of producing more renewable energy and less GHG emissions. Thus, the tax would have made it more expensive to produce renewable energy in Finland. Therefore, in the end, it was quite easy to get the government to abolish the tax. Presumably, the reason why the tax was included in the government programme in the first place was that when the EU ETS was introduced, all the power facilities build before 2004 and not causing GHG emissions got undeserved profits. In the beginning of the system the profits were quite high, as the price of the emissions allowances was high. Thus, the politicians thought it reasonable to tax those profits. However, it was difficult to come up with a system that would have been reasonable and not against the EU regulations. (Eduskunta 2013.)

Common Goals and Shared Beliefs

Common goals for all governments during the study period have been fulfilling Finland's international obligations in climate policy, securing energy supply,

[48] Prime Minister Katainen became Finland's EU Commissioner in Summer 2014. The change of Prime Minister did not affect the composition of the government.

providing affordable energy and improving the self-sufficiency of energy production in Finland (Valtioneuvosto 2001, 2005, 2008, 2013; Valtioneuvoston kanslia n.d, 2003b, 2007, 2011, 2014). Finnish business actors, especially industry federations, have accused the Finnish climate and energy policies of being unpredictable and changing too fast. In particular policy questions, this seems to be true, whereas certain big decisions and policies have been quite consistent. The government policies have been consistent on their support for biomass-based renewables and increasing renewable energy production, as well as on support for building more nuclear power. An intersubjective belief of the growth of energy use, particularly electricity consumption has also remained at the heart of the Finnish energy and climate policy-making.

4.7.2 Practices of National Climate Policy-making

The section shortly reviews the central national climate policy-making practices during the 2000s. These include government programmes, National Energy and Climate Strategies as well as voluntary energy efficiency agreements. All these the interviewees mentioned in particular and, hence, this section introduces them to provide a better context for the analysis reported in Chapter 5.

Government Programmes

During the 2000s, the significance of the government programmes has been growing, and they have increasingly become the main policy guideline documents throughout the election period. The function and scope of the government programmes have changed as the earlier ones were shorter and imprecise but became longer and more inclusive by 2011. Lipponen's second government programme in 1999 had around 25 pages whereas the Katainen government programme in 2011 had already 90 pages. (Valtioneuvosto, n.d.c.) The process of writing the more extensive government programmes has involved more lobbying from interest groups and various, sometimes even contradictory, policy measures being written down in programmes (ibid).[49] The economic and historical situations and events at the time of writing each programme, obviously, had a noticeable influence on the extent and

[49] Representatives of an industry federation and a ministry

the emphasis of the text concerning climate and energy policies (Valtioneuvosto, n.d.c).

The economic and welfare interests have strongly driven the aims in the government programmes and influenced the aims of energy policies. For example, Lipponen's second government programme states that the measures in energy and climate policy should not weaken the economic and employment growth and they should promote decreasing the public debt (Valtioneuvosto n.d.d). However, a slow change in guiding norms of energy and climate policies can be noticed in government programmes over the years, even when the main principals of cost efficiency and aims of economic growth and welfare have remained unchanged. The development is related to the slow change of norms that has taken place during the first decade of the millennium as climate change has maintained its place on international political agenda, and scientific reports have been telling about the proceeding warming year after year.

Since the energy production causes around 80 percent of the GHG emissions also in Finland, the energy policy is the most relevant area for the climate change mitigation in the government programmes. Until Vanhanen's second government programme in 2007, energy policy was dealt as a part of the industrial/livelihood policy (Valtioneuvosto n.d.d; Valtioneuvoston kanslia 2003b, 38-39). Vanhanen's second government programme is the only one of four programmes that has an independent chapter called *Climate and Energy Policy* (Valtioneuvoston kanslia 2007, 43-46). Already four years later, in the Katainen government programme, the particular chapter combining energy and climate has been given up and the energy policy is again a part of *Livelihood, Employment, and Innovations* chapter and *the Climate Policy* has its chapter after the environmental policy (Valtioneuvoston kanslia 2011, 41-43, 74).

At the time of writing Vanhanen's second government programme, it was the peak of global climate politics, as already pointed out in the earlier sections. The status of climate change mitigation had risen on international agenda as environmental perspective had entered into economics and security politics. Climate change was brought up in all high-level political events during the time, and this activity around the topic displayed in the Finnish parliamentary election themes and eventually in Vanhanen's second government programme in 2007. (Valtonen 2013, 190.) At the time of writing Vanhanen's second government programme, Finland was also in the middle of an economic upturn and there seem to have been more space for other worries besides the economy, such as climate change. By the time of writing the next government programme in 2011, the western world had experienced

a severe economic downturn, and global climate politics was still suffering the hangover due to the disappointment in Copenhagen Climate Conference in 2009. Climate policy was widely dealt with all relevant topics in the Katainen government programme, which also is the widest and most inclusive action plan from all the government programmes from the period of 1999-2015. Still, the primary objective of the Katainen government programme was finding new economic growth, an aim that also took over the energy and climate policy objects and produced some conflictual goals. (Valtioneuvoston kanslia 2011.)

National Energy and Climate Strategies

The National Strategies on Energy and Climate Policy have been prepared since 1999. A ministerial working group consisting a representative from all government parties and relevant ministries has been appointed to take responsibility of the preparatory processes. (Kerkkänen 2010, 44; Tirkkonen & Jokinen 2001, 75.) The practical work is carried out by a network of high-level officials of relevant ministries coordinated by the Ministry of Employment and the Economy.[50] By 2015, four National Energy and Climate Strategies had been prepared under the auspices of the Ministry of Employment and the Economy. All strategies were given as the government reports to the parliament once in a government term (Valtioneuvosto 2001, 2005, 2008, 2013).

The first ministerial working group, appointed by Lipponen' second government in 1998, was called *the Kyoto Ministerial Group* and was led by director-general from the Ministry of Trade and Industry. From 2003 to 2015, the working group was called *the Ministerial Working Group on Energy and Climate Policy*. The primary role of the working group in the process was to give political guidance to the ministry officials preparing the strategy. In the first strategy preparation process, the Ministry of Transport and Communications, Ministry of Agriculture and Forestry, Ministry of Trade and Industry, and the Ministry of the Environment made sectoral reports on which they worked separately. (Valtonen 2013, 105-106.) The ministries were cooperating with stakeholders concerning their own sectoral programs (Kerkkänen 2010, 146). The practice changed during the next energy and climate strategy preparation processes when the network of ministry officials started to work more closely in preparing the background reports, and officials from other ministries

[50] See fn 42.

joined the network. In the 2005 strategy process, the energy and climate network involved officials from the Ministry of Trade and Industry, the Ministry of the Environment, the Ministry of Finance, the Ministry of Agriculture and Forestry, the Ministry Transport and Communications as well as from the Ministry of Foreign Affairs, and the Ministry of Defense. In the 2008 preparatory process, also officials from the Ministry of Education and Culture and the Prime Minister's Office joined the network. (National Audit Office of Finland 2011, 35.)

The sectoral composition of the ministerial working group has varied depending on the representation of the parties in different minister positions, as the aim has been that all government parties are represented in the working group. For this reason, in the 2008 preparation process, the number of ministers in the working group was double compared to the earlier processes since all the central ministers were from the Centre party. (National Audit Office of Finland 2011, 34.) The role of the group has been central for the strategy process as it has solved political disputes and given the strategy a political backing already during the preparation process. However, the downside of the political participation in the strategy preparation, according to the interviews conducted for an audit report made by the National Audit Office of Finland in 2011, has been that the strategy preparation has not necessarily been managed from the optimal climate or economic point of view, but other political interests have influenced the process. The interests have included, e.g., those regarding regional development or energy production means (National Audit Office of Finland 2011, 34-35). The growing coverage of the officials and ministries in the preparation process indicates both the growing importance of the climate change question as well as the growing understanding of its linkages to all levels of policy-making. In the process, each ministry has the *responsibility* of its sectoral policies and the Ministry of the Employment and Economy has the overall *coordination responsibility* of the national climate policy.[51] Climate policy has been integrated in the decision-making processes of e.g. energy production, transport, agriculture, forestry, and land-use planning (Ministry of the Environment 2013, 95).

Typical practice in the strategy preparation process has been to commission studies and scenarios as background knowledge for the strategy. Usually, these are made by national research centers and university institutes, but also by private consultancies. Some reports have also been conducted as official work. The preparation has been done in committees and working groups involving personnel from different ministries as well as stakeholder participants, including some sectoral

[51] Representative of a ministry

business advocacy organizations. (Kerkkänen 2010, 165.) The hearing of stakeholders in the strategy preparation processes has been organized through stakeholder seminars, in which different stakeholders are asked to give a speech or make comments or statements from their viewpoint (ibid, 146). The stakeholder engagement practices are dealt more in detail in the following chapter.

The first National Climate Strategy in 2001 (Valtioneuvosto 2001) was prepared when the Kyoto Protocol had already been negotiated but not yet ratified, and its entry into force was still highly uncertain. The Kyoto Protocol entered into force in 2005 and, thus, the second national climate strategy in 2005 was called the *Outline of the Energy and Climate Policy for the Near Future – National Strategy to Implement the Kyoto Protocol* (Valtioneuvosto 2005). It outlined the national measures for achieving the international obligations set out in the Kyoto Protocol and the EU allocation of emissions to its member states. The strategy update was also needed due to the passing of the EU directive on ETS and its start in 2005. At the time, also the talks about further objectives and measures from 2012 onwards had started at the international level (Pekkarinen 2004).

More comprehensive preparation process took place in 2007–2008, when the *Long-term Climate and Energy Strategy* (Valtioneuvosto 2008) was prepared. The preparation process, e.g., included a series of stakeholder seminars and was afterward evaluated by the National Audit Office of Finland. The preparation process overlapped with the most active phase of the climate change politics at the international level, which made it especially interesting for both policy-makers and stakeholders. The 2011 report from the National Audit Office about the strategy process in 2008 criticized the lack of participatory practices that would have provided citizens more possibilities to participate in the strategy-making processes (National Audit Office of Finland 2011, 37). The industry federations of forest and energy get special mentions of being well informed and taken into account in the strategy preparation processes (e.g., Tirkkonen 2000; VTT 2012, 37).[52]

The National Energy and Climate Strategy in 2013 (Valtioneuvosto 2013), was prepared during a very different political phase, which was dominated by economic and financial questions. The prospects for climate politics seemed to be dimmer particularly given the failure in reaching a global deal in the Copenhagen Conference in 2009.

Other climate and energy-related strategy papers in the 2000s include: the *Finland's National Strategy for Adaptation to Climate Change* in 2005, which was made

[52] Representatives of two ministries

under the auspices of the Ministry of Agriculture and Forestry; and the *Government Report on the Future concerning climate and energy policies in 2009*, prepared under the auspices of the Prime Minister's Office (Valtonen 2013, 105). Another long-term strategy, the *Energy and Climate Roadmap 2050*, was published in fall 2014. It was prepared as a Report by the Parliamentary Committee on Energy and Climate Issues, which included two members from each parliament party. Mostly the same officials of the Ministry of Employment and the Economy, who had been coordinating the preparation process of the National Energy and Climate Strategies, also coordinated the preparation of the Roadmap 2050 but the secretariat also included a member from the Ministry of the Environment. (Parliamentary Committee on Energy and Climate Issues 2014.)

Voluntary Energy Efficiency Agreements

Energy conservation and energy efficiency measures have been part of the Finnish energy policy-making and industry's cost-saving measures since the oil crisis in the 1970s. From these developments also originates the substantial expertise in the energy efficiency technologies. Since Finland is a country of cold climate and long distances, energy efficiency has been seen as a valuable and cost-effective measure already before climate change mitigation became a policy issue.

In 1992, the Ministry of Trade and Industry started an energy audit scheme in which energy use and energy conservation possibilities were tracked down and reported in, e.g., buildings, production processes, and logistics. In the energy audits, Finland has been a forerunner who has set the example for the schemes that the EU Energy Service Directive in 2006 ordered all member countries to build. (Ministry of Employment and the Economy 2011.) Energy efficiency and energy conservation have been important part of the Finnish energy policy-making already before Finland became EU member country in 1995. The first voluntary energy conservation agreements were signed in the beginning of the 1990s but the activity expanded from 1997 onwards when central industry federations decided to become part of it (Motiva & Kauppa- ja teollisuusministeriö 2006, 1).[53] Along with the industry federations, also the building sector and municipalities have their sector specific agreements (ibid).

[53] Between 1997-2007 they were called "energy saving agreements" and from 2008 onwards "energy efficiency agreements" (Motiva 2008)

In the voluntary energy efficiency agreements, the industry federations sign a framework agreement with the Ministry of Employment and the Economy and individual firms join the framework agreement of their industry federation (Motiva & Kauppa- ja teollisuusministeriö 2006, 3). Members of the agreement commit to make energy audits or analyses in their buildings and production facilities as well as an energy-saving plan and to implement profitable measures from the plan. The Ministry of Employment and the Economy commits to support energy audit and analyses as well as the energy-saving investments that fulfill specific criteria. (Energy efficiency agreements n.d.) The voluntary energy saving measures had a central role in the 2001 National Energy and Climate Strategy in fulfilling the energy efficiency measures, and they have remained vital measures also for the following strategies (ibid). The energy efficiency agreements also have a central role when implementing the EU's Energy Efficiency Directive (EED) nationally. The agreements cover industries (industrial, energy and private service sectors), municipal sector, oil sector, property sector, transport (goods and public), and farms. (Ibid.)

Energy efficiency has been identified as a significant measure to answer the challenges that the EU faces in climate change mitigation but also in its growing dependence on energy imports. It is regarded as a tool to enhance the competitiveness of the industries, create new jobs and economic growth. (European Parliament and Council 2012.) The directive on energy efficiency, given in October 2012, emphasized the target of 20 percent energy efficiency improvement and energy conservation by 2020 in the EU area. The directive sought to tighten up member countries' energy efficiency measures. Negotiations over the contents of the directive were underway in spring 2012 when the interviews for the study were conducted. Some of business actors' interviewed pointed out a risk that the Finnish system of voluntary energy efficiency agreements and voluntary measures to implement the new directive would not be accepted. Consequently, various business actors supported and praised the existing system as functioning and suitable for the Finnish actors. The final version of the directive (European Parliament and Council 2012) includes the Finnish system of voluntary agreements but obligates the EU members to report yearly the achieved energy savings from the system (article 7: item 7c, 8).

Norms and Struggles Guiding the Practices of Climate Policy-making

The decisions made at the beginning of the preparation process of the first national climate strategy have had a notable effect on how the climate policy-making has

formed afterward. The first strategy preparation process established specific practices and was based on specific premises and principals that have been followed and maintained or only slightly modified in the subsequent strategy preparation processes.[54] One of the most significant choices of practice was to give the lead in the climate strategy preparation process to the Ministry of Trade and Industry and not to the Ministry of the Environment as in many other countries (Kerkkänen 2010, 144 fn1). For business actors, this was probably a favorable development as the officials at the Ministry of Trade and Industry were more accustomed to consult and take into account the views and interests from business actors than officials in the Ministry of the Environment.[55]

Along the political reasons pointed out in the previous section, another reason that probably led to the choice of the Ministry of Trade and Industry to the lead role was its history in preparing of the national energy strategies since the 1970s (Kerkkänen 2010, 241). Accordingly, the ministry already had specific routines and practices in doing strategy work on energy policy, which were used as a basis for new strategies also containing climate policy aspects. The National Energy strategies adopted in 1992 and 1997 had already the goal of reducing GHG emissions as a key focus. Climate change had already at that time been an emerging item on international agenda. (Kerkkänen 2010, 241; Valtonen 2013, 59.)

Kerkkänen (2010, 160-161) describes how the officials at the Ministry of Trade and Industry at the beginning of the 2000s saw climate policy mostly as an economic burden for Finland. Most of them stressed the importance of the energy-intensive industry for Finland's economic growth. In her interviews, the government officials emphasized that sustaining the international competitiveness of the energy-intensive industries, such as paper and metal, meant that the energy supply was assured, abundant, and cheap also in the future. The officials of the Ministry of Trade and Industry also emphasized that the structure of the economy cannot be changed to less energy intensive through political decisions but the companies have to make their own decisions. The officials of the Ministry of the Environment saw the meaning of climate policy for Finland from a very different angle and pointed out the opportunities that it might offer for the Finnish industries. They also kept reminding about the earlier cases of environmental regulation where the costs for industries had not materialized as feared in beforehand. (Ibid.)

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[54] Maybe the biggest change since has come through the passing the National Climate Change Act, which came into force in 2015. The Act outlines some new practices in preparation of national climate strategies for different periods in the future. These are, however, outside of the scope of this study.

[55] Representatives of a ministry and two industry federations

The understanding of the officials of different ministers varied about the openness and the aim of it in the preparation process. Whereas the officials from the Ministry of Trade and Industry did not see it even possible to involve interest groups into strategy work, as "it would have been possible to continue arguing about the issue forever" (Kerkkänen 2010, 165), one of the officials of the Ministry of the Environment pointed out that it would have been possible to handle the preparation process also in a way that all stakeholder groups had been involved in the preparation working group. (Ibid, 168.) Disagreement on the role of the interest groups between the Ministry of Trade and Industry and the Ministry of the Environment can be seen as related to their struggle over the lead role in the strategy preparation process and the supporting interest groups they have on their side. According to Ruostetsaari (2010, 248-249), in the struggle the Ministry of Trade and Industry has needed the support from firms and industry federations of the energy industries against the Ministry of the Environment and the ENGOs supporting it. Ruostetsaari firstly concludes that this has increased the influence of the energy industry actors on the energy policy-making, and secondly points out a struggle for supremacy in the Finnish energy policy-making between the Ministry of Employment and the Economy and the Ministry of the Environment. (Ibid.) The struggle has been prominent in decision-making about the lead ministry of the National Energy and Climate Strategy preparation or about the manager of the emissions trading (ibid).

However, from the constructivist point of view, it can be asked if instead of a power struggle between ministries, the struggle has been about the hierarchy of the norms in the policy preparation process, i.e., about the norm of market-based capitalism continuing to stay above the global environmental protection norm. The struggle has been over those values and norms according to which the policy preparation is done and to which experts the responsibility is then given. In the case of global environmental protection norm, the responsibility is on environmental experts and in the case of the norm of market-based capitalism, the economic experts. As pointed out in description of the government programmes, the economic and welfare interests have strongly driven their aims and influenced the aims of energy policies. Nevertheless, it is possible to point out a slow change in guiding norms of energy and climate policies can be noticed in government programmes over the years as global climate politics have progressed.

History of the energy efficiency improvements in Finland and development of technological expertise in the field has established voluntary agreements as a practice that is not questioned but emphasized by business actors. Business actors consider it as functioning and well suiting for the Finnish tradition of close cooperation

between different actors. Energy efficiency and voluntary agreements are especially important for energy intensive industries since they are able to get actual cost reduction when improving their energy efficiency. In the interviews, the energy producers were not highlighting energy efficiency even they do have their framework agreement and have achieved energy efficiency improvements in energy production. Business actors are more interested in committing to voluntary agreements that include more choices of measures and work from bottom-up processes than command and control type of rules and regulations. Instead of one-fits-all –types of regulations and strict targets, voluntary agreements have given industry sectors more room to put up their own targets and implement the measures that are both energy and cost effective. Voluntary agreement framework has also provided incentives for energy efficiency investment in the form of energy audit subsidies, which are also more attractive than having to pay taxes or other levies for less energy efficient processes or buildings.[56]

[56] Representatives of four industry federations.

5 POLITICAL RESPONSE STRATEGIES OF LARGE FINNISH BUSINESS ACTORS IN CLIMATE POLITICS

5.1 Introduction to Chapter

Chapter 5 investigates the identity and interests as well as the political response strategies that large Finnish business actors have adopted in climate politics during the more precise study period from 2008 to 2012.[57] The analysis focuses on the discursive and participation practices, through which Finnish business actors engage in policy processes at various levels of policy-making. The interview material was gathered in 2012 and most of the position and policy papers from business actors are published at the turn of the decade (the 2010s). The processes of the EU regulations, as well as specific international events pointed out in Chapter 4, have marked the years when climate change has been high on the political agenda. The peak years of climate politics are also reflected in the research material that concerns Finnish business actors.

In 2012, uncertainty in international climate politics was high, given the failure to achieve the global climate agreement in the 2009 Copenhagen Climate Conference. From today's perspective, that was a *time between* Copenhagen and the Paris Climate Conference in 2015 when the breakthrough in the international agreement was accomplished. However, at that time, it was highly uncertain if the international agreement would ever be finalized or if the problem would need another kind of solution (see, Falkner, Stephan & Vogler 2010). The global financial crisis and economic downturn had started in 2008 from the U.S. and further intensified the uncertainty of the future path in international climate regulation. The views and response strategies of business actors reflected the uncertainty, which created an opening for debates and speculations about different kind of arenas and approaches towards the future of climate politics (Falkner, Stephan & Vogler 2010; Garrett 2010,

[57] Whereas in Chapter 4, I take a broader time span to look at, in the actual empirical work the analysis is only looking at the years from around 2000 to 2014 and the brightest light is shown on the years of 2008-2012 that were around the time the interviews were made.

36-37). Regardless of the debates and uncertainty, the already agreed EU climate policy targets for 2020 were guiding the way of the EU and national level climate policies. The preparation process for the EU's 2030 targets stared at the beginning of the 2010s when the European Commission published *A Roadmap for Moving to a Competitive Low Carbon Economy in 2050* (Delbeke & Vis 2015, 22-23; European Commission 2011). The study precedes the adoption of the national Climate Change Act by the Finnish Parliament in 2015, which in some extension changed the Finnish system of climate policy planning. However, as pointed out in the earlier chapters, climate change as a political theme was already well matured in the early 2010's (Pinkse & Kolk 2009, Chapter 1), and the political practices and the strategic choices of large Finnish business actors reflected this.

The following section leans on the ideal-types of Meckling's (2015) explanatory model of business actors' choices of political response towards certain (governmental) policies. As pointed out in Chapter 2, the model helps to categorize the different political response strategies of large Finnish business actors towards climate politics. This chapter analyzes these response strategies. It starts by pointing out the lack of opposition strategy and then looks closer into the practices that have led business actors to engage more in a risk management strategy (hedging). Meckling's model is useful in categorizing business actors' various response strategies. The model explains the strategies through cost-benefit and high-low regulatory pressure variables. The model gives a useful setting for the analysis of the political response strategies of Finnish business actors but does not alone lead us as far in the particular practices of the response strategies as the inductive research approach of the study allows us to go.

In the analysis, I first look shortly into the consequences of the problem definition, dealt more in detail in Chapter 3. I then move from the discursive practices to other practices that business actors engage in when constructing and delivering their political response strategies in climate politics. Finally, I ponder about the identity and interests as well as the community of practice that large Finnish business actors have created in climate politics.

5.2 Business Actors' Political Strategy Formation in Climate Politics

5.2.1 *Ideal-types* for Political Response Strategies

Meckling (2015) divides political strategies of business actors in environmental politics into four 'ideal-types'. These include *opposition*, which means firms try to reject a regulatory initiative; *hedging*, which refers to firms aiming to keep the compliance costs down or level them across a global industry; *support*, in which firms work towards creating or increasing markets for environmental products and services; and *non-participation*, in which firms do not engage in policy-making at all (pp. 19-20). Meckling uses a game-theoretical approach in creating the ideal-types, which follow combinations of different distributional effects (costs versus benefits) and levels of regulatory pressure (low versus high). In the case of opposition, there are costs for firms and the regulatory pressure is low. In the case of hedging, there are costs for firms and the regulatory pressure is high. In the case of support, there are benefits for firms and the regulatory pressure is high, and in the case of non-participation, there are benefits for firms and regulatory pressure is low. (Ibid, 21.)

As pointed out in Chapter 2, the model is in some extension in line with the constructivist approach when Meckling points to the role of institutions – or institutionalized norms according to the constructivist approach – to be the explaining factor for different business strategies in political processes. Meckling uses the concept of institutional environment for what the constructivist approach used in study calls the social context of business actors. Another connecting point is with what Meckling defines as regulatory pressure, which can be seen to refer to the demand for the appropriate behavior of the actors, a concept used in the constructivist approach. Meckling characterizes regulatory pressure as the pressure a firm gets from its institutional environment, which might include conflicting demands from various groups of actors. Those include different industry federations the firm is a member of, customers, competitors, and various interest groups, as well as cultural and regulatory contexts. Firms also interpret these demands and pressures differently depending, e.g., on their organizational culture, size, and history, which together form a perceived regulatory pressure for the particular firm. (Meckling 2015, 22.)

According to Meckling, "[p]erceived regulatory pressure is the result of how firm interprets its multi-layered institutional environment and its mixed signals about

demand for regulatory action on a given environmental issue" (2015, 22). Meckling emphasizes the role of reputation, among other explaining mechanisms, through which institutions have impact on firm preferences. Reputation has been identified as an essential factor explaining firms' behavior as it has to do with competitive advantage between firms, and as ignoring public demands for environmental action has often caused harm for firm's reputation (ibid). Enhancing good reputation can be seen as one of the primary interests of business actors to respond to the regulatory pressure – i.e., for the society's demand for the appropriate behavior.

A constructivist critic towards Meckling's model would be that the model does not take a close enough look into the contexts of the firms and differences in their levels of commitment to particular response strategies. As Meckling mainly uses his model to explain the response strategy towards a particular regulatory case, investigating climate politics and response strategies more comprehensively reveals that the same business actor can have a hedging strategy towards one climate regulation initiative, support another one, and not take part or have any opinion on the third one. For a single firm, the details in regulation can bring significant differences in costs or even operating possibilities, and therefore a firm or industry sector that supports climate policies in general level can oppose or hedge against specific regulatory initiatives, which would be particularly costly for it. When the regulatory pressure is high, a pure opposition strategy is not possible and business actors, thus, adopt a hedging strategy. Meckling's model does not make distinctions between high and low costs or differences in the level of perceived regulatory pressure inside a particular response strategy. When analyzing only one regulatory initiative and business actors' different response strategies to it, as Meckling does, this level distinction is enough. Instead in this analysis both the level of perceived regulatory pressure and the expected level of costs and benefits are significant as the study considers a given group of business actors from various industry sectors and their response to different regulatory initiatives as well as climate politics in general. It is, hence, possible to observe varying levels of commitment inside hedging or supporting strategies. Using the inductive approach of constructivism helps in making the observations of these levels, which are always context-based.

5.2.2 Response Strategies of Finnish Business Actors

A limited analysis with the Meckling's model of large Finnish business actors in the study's sample shows that none of the firms included was taking the pure opposing

strategy or questioned the need for climate policy. A conclusion could be that the regulatory pressure in the institutional environment of the Finnish firms is on overall high level. In fact, it was pointed out in most of business actors' interviews that taking an opposing strategy in climate politics would do more harm than good for their reputation and ability to operate in their current environment. Hence, a more influential political strategy would be to show their vision of the issue:

> [Our] work is not described in the way that we say that this [policy] is not ok for us – no one wants to deal with that kind of guys.[58]

> [W]e have positioned ourselves in a new way in that we have purposefully left the word "no" out from these climate issues. We are not sending a message of "not this" but how it is done, what kind of future we want to make, and those investments that are needed for this.[59]

> The federation in its advocacy work aims to be an anticipatory and active actor, which positively brings up the possibilities of the sector to be part of the solution of the sustainable energy future… And aims to show the direction of the development and to lead a general discussion in a new direction [and] to counteract unrealistic demands on the sector.[60]

Overall, these interview quotes from three different industry federation representatives described well the attitude among business actors in climate politics in Finland in the 2012: opposition strategy was not an option. Business actors needed to take climate politics seriously, and all of the actors in the analysis had recognized this. Instead, strategies of hedge, support, and non-participation were all present in the analysis in different combinations.

The second and third interview quote show elements of a hedging strategy, which also seems to be the most common political strategy among business actors in the study's sample. Notably, the industry federations seem to lean towards hedging, as they need to represent a significant number of different kinds of firms, which both benefit and suffer from the new climate-related regulation, that is, face different

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[58] "[Meidän] työtä ei kuvaa se, että me sanotaan, että tämä ei käy, ei sellaisia kavereita kukaan lähelleen halua" (Representative of an industry federation).

[59] [M]e ollaan asemoiduttu tietyllä tavalla ihan uudestaan, että ollaan määrätietoisesti jätetty "ei"-sana pois näistä ilmastoasioista. Meiltä ei lähde sellainen viesti, että "ei tätä", vaan että miten se tehdään, minkälainen tulevaisuus me halutaan tehdä, ne investoinnit mitä tähän tarvitaan" (Representative of an industry federation).

[60] "Keskusliitto pyrkii edunvalvonnassaan oleva ennakoiva ja aktiivinen toimija, joka tuo positiivisesti esiin alan mahdollisuudet olla osana kestävän energiatulevaisuuden ratkaisua… ja pyrkii näyttämään kehityksen suuntaa ja johdattamaan yleistä keskustelua uusille urille [ja] torjumaan alaan kohdistuvia epärealistisia vaatimuksia." (Representative of an industry federation quoting their principles of action).

distributional effects and variable levels of regulatory pressure. The finding supports Meckling's conclusion, which highlights that hedging strategies are "an increasingly prevalent form of corporate engagement with environmental politics" (2015, 20). However, the fact that in the overall analysis of the firms, there were also cases of support and non-participation strategies indicates that firms do also benefit from climate policies and regulation. Thus, they understand its importance for both the legitimacy and continuation of their business.

At the timeframe of the analysis, hot topics of climate politics in Finland were the EU legislation on the 2020 targets (European Commission Climate Action 2014) and its national implementation as well as the start of planning the EU 2030 targets. For business actors in the study's sample, the central pieces of the EU climate legislation that came up in the research material were the EU Emissions Trading Scheme (EU ETS), the Renewable Energy Directive (RED), and the Energy Efficiency Directive (EED).

From the interviews as well as other material of the firms, it is possible to draw out a simple categorization of different political response strategies of the firms according to Meckling's ideal-types, in particular in EU policies. E.g., in the case of the EU ETS, the response varies from strong support (Fortum) to deep hedging (Finnair, Rautaruukki), whereas the representatives of the forest industry (UPM, Stora Enso) have responded by a mild hedging strategy. Fortum chose the support strategy in the EU ETS already in the beginning of the 2000s, as its energy production has had a limited reliance on fossil fuels. Finnair's business case bases on its Asian routes and it has feared for extra costs from the EU ETS and competition from the non-EU-based airlines. Rautaruukki was in global competition with its steel production. It had been using the best available technology already in the beginning of the EU ETS and was afraid of further costs. For the forest industry firms, the EU ETS has meant a possibility of higher costs of energy in their EU-based plants, as they are very energy intensive industries. Wärtsilä's response strategy has been a mild support or non participation as well as that of Nokia's in the cases of the EU climate politics. The EU ETS does not directly regulate Wärtsilä's processes but it has a lot to gain in energy transition as its business case is related to more efficient motor and energy technologies as well as to the increase of renewable energy. Neste Oil's biodiesel production is an exemplary case of positive outcome of the regulatory pressure and successful business case. It is also an example of a supporting response strategy in climate politics and regulation in Finland. The biofuel blending obligation in Finland (Laki biopolttoaineiden käytön edistämisestä… 2007) is based on the EU directive on promoting biofuels in for transport (2003) and later on the EU

renewable energy directive, which in 2009 introduced the binding target of 10 percent of renewable energy in transport by 2020. Also in the U.S. there has been a market for biodiesel from the mid-2000s onwards, which Neste Oil has participated. Neste Oil opened its first biodiesel refinery in 2007 and initially took a huge risk in its investment. Even though the biofuel business now is much more profitable than the company's traditional fossil fuel refining business, it is continuously dependent on how the regulation on biofuels and renewable energy develops in all levels of policy-making. (Virta 2015.)

5.2.3 Why is Opposing Climate Policy Not an Option? Appropriate Behavior and Climate Policy Discourse in Finland

This section shortly glances back at the historical development of the climate policy debate in Finland, described also in Chapter 4.7. The aim here is to outline the institutional environment and social context, in which business actors' discursive practices, dealt with in the following section, have developed.

The research interviews well indicate that Finnish business actors consider climate change to be "at least a political fact".[61] Business actors in Finland do not question the existence of climate change in their public speeches or their policy-related work. Some of the interviewees noted that the kind of skeptic discussion questioning climate change as a phenomenon might appear among their inner circles but its amount has diminished since the beginning of the 2000s and they never bring it up in discussions between other stakeholders. Earlier studies (see, e.g., Tirkkonen 2000, 114) have confirmed that the existence of climate change as a natural phenomenon has not been an issue of extensive debate among business actors and government officials in Finland during the history of climate politics. However, climate change as a political problem and an embedded part of the global environmental responsibility norm (Falkner 2012), which business actors do need to take into consideration in their business plans, has not existed as long time as the climate politics in the international level.

In 2012, none of the 13 business actors interviewed for this study questioned the phenomenon of climate change or its influence on the business plans and political decision-making. This further confirms how embedded it is to the current normative

[61] Representative of an industry federation.

framework influencing business actors' decisions. Like one of the interviewees points out:

> The worst mistake would be to start a public debate with scientists [about the existence of climate change]. This we will not do, and we have not done.[62]

Instead of doubting climate change as a phenomenon, business actors in Finland have been skeptical about the emissions reduction demands and targets put on Finland and their fairness from the economic perspective (Herlin 2007; Koroma 1998; Perimäki 2002, 154; Tirkkonen 2000, 143). According to Meckling (2011, 168), in the early phase of climate policies the leading opposition group, the GCC pursued two influencing strategies: firstly "[i]t attempted to discredit climate science. Once the scientific consensus on climate change became less questionable… the GCC framed its opposition to climate regulation a matter of economic costs and a question of the participation of developing countries." In Finland, the first part of the opposing strategies was never indeed adopted, as pointed out in the quotation above: debating or doubting science was not part of the political response strategies of Finnish business actors. However, the economic costs and global participation have been among the key framings in business actors' political response strategies and continue to be at the heart of the hedging response strategies in Finland. The atmosphere in the Finnish climate politics, as well as official climate policy documents at the end of the 1990s, lacked the typical positive-sum-game thinking of ecological modernization discourse that often has motivated climate policies from the economic point of view. Instead, the goals of climate politics and economics were seen conflicting. (Tirkkonen 2000, 143.)

Industry actors were actively involved in the national climate policy-making structures from the beginning of the 1990s onwards, but after the Kyoto Protocol was agreed on, they started to engage more in the struggle of defining the climate politics and emphasize threats caused by emissions reductions demands to the energy-intensive Finnish industries. They backed up their positions by, e.g., scientific studies pointing out the unfairness of the Kyoto targets allocated to Finland in the EU bubble. (Tirkkonen 2000, 143, 147-148.) Meckling (2015, 21) emphasizes that firms consider not only the costs of regulation for themselves but also how their costs develop in comparison to their competitors. The comparison to other countries' greenhouse gas (GHG) emission reduction obligations, especially to the other EU members and other economic rivals, has been high on the agenda since

[62] "Pahin virhe on, että ruvetaan julkisuudessa väittelemään tiedemiesten kanssa. Siihen me ei lähdetä, eikä olla lähetty." (Representative of an industry federation.)

the beginning of the international climate regulation in the Finnish climate policy debate.

Finnish business actors did not anticipate the actualization of a formal regulation of the GHG emissions reductions and climate issues on both international and EU level. According to one of the interviewees, a lot of disbelief among Finnish business actors existed right after the Kyoto Protocol was signed if it would actually entry into force. Only after Russia ratified the Kyoto Protocol in 2004 and the EU first proposed the ETS system in 2003, business actors in Finland started to realize that international regulation on climate change was really going to take place sooner rather than later - and that it would have a significant influence on business and industry.[63] Due to various reasons from technological development to economic rationalities, large Finnish business actors had already completed many energy efficiency measures and had the best available techniques in place in many energy intensive industrial processes. However, when Finland became a member of the EU and part of the EU bubble in the Kyoto Protocol, on which the EU based its first climate change programs and later climate regulation, the earlier measures already implemented by the industry were not considered when developing e.g. the EU ETS. This perceived injustice caused a lot of disapproval and criticism towards the EU level climate policies. (See e.g. Johansson, Lilius, Pesonen, Rantanen & Tamminen 2007.)

The scientific debate and evolvement of climate policy discourse during the 2000s, together with the EU's ambitious climate policy approach, made sure that in the 2010s, an option of choosing an opposition as a political response strategy to climate policies was not on the table for Finnish business actors. However, it has not hindered the possibilities to oppose particularities in regulatory initiatives – especially of the EU climate legislation and their domestic implementation. In the interviews, particular details in the EU 2020 Climate and Energy Framework did get at times harsh criticism: its various, partly overlapping, targets of reducing emissions, increasing the amount of renewable energy, and enhancing energy efficiency. Some of the interviewees saw these contradictory and thought that an emission reduction target would have been sufficient. However, they were not opposing the EU regulation per se.[64]

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[63] Representative of an industry federation.

[64] Representatives from three industry federations and from three firms; the topic was discussed also with two ministry officials.

One of the reasons for criticism derives directly from the differences in the understandings of the climate change problem between business actors and governmental actors in the EU level, which are discussed more in the following section. The following section explores the overall political response strategies of Finnish business actors and the discursive practices they use to promote their perspective.

5.3 Discursive Practices of Large Finnish Business Actors

5.3.1 Different Understandings of the Climate Change Problem and the Use of Discursive Practices

The institutional arrangements set preconditions for discourse formation by determining specific identity and structures for actors (Hajer 1995, 53, 60; see also Chapter 2.). According to Hoffmann (2013, 7-11), the states dominate the framing of the climate change problem and set the main arguments of the dominant discourse, even though various competing discourses exist. The dominance of the discourse and problem definition of the multilateral climate governance level is due to the regulatory power of states and, hence, their authority in the official rule making. The multilateral negotiations that have taken place in the UN process since the 1990s are the primary practice through which the problem definition has been established. (Hoffmann 2013, 7-11; see also Chapter 3.)

Large Finnish business actors generally conceive climate change as a market failure, a problem of inefficiency of material and/or energy use, or a problem of transition towards a new system in which their particular industry can be part of the solution (see, e.g., EK 2010; Energiateollisuus 2010; Metsäteollisuus 2012; Teknologiateollisuus 2012).[65] Business actors have constructed these problem definitions as a response to governmental actors' understanding of the problem. An important aim is to reframe the problem so that they can use their business case as a part of the possible solutions to the problem. The multilateral climate governance's framing of climate change as a problem of excess GHG emission and where the solution needs to be negotiated between all states (Hoffmann 2013, 11) is challenging especially for the Finnish (and European) business actors for various reasons. The main problems arise from the global nature of the economic system as well as its built-in expectation of continued growth. In the multilateral climate governance, the responsibility of the GHG emission reductions is not evenly divided, but some states need to reduce more than others do. As the EU has taken a progressive stance towards the GHG emission reduction targets compared to other states and regions, the firms based in the EU area are facing costs that their competitors elsewhere do not face.

[65] A "new system" can be either a more sustainable or carbon neutral society, these definitions are very rarely given in the descriptions. Interviews with all the industry federations and firms.

The institutional arrangements and practices form the basis for the continuity of discourses, and routinized forms of discourse indicate the existing power relations. The opponent, in this case business actor needs to choose whether he argues on the terms set by the actors on the other side or if he uses his own expressions. In the latter, the risk is to lose the direct influence on actual policy-making. (Hajer 1995, 56-57.) The disciplinary force of discursive practices lies in the assumption that the subsequent speakers use the same discursive frame. Thus, even when the opponent aims to challenge the dominant discourse, he is expected to position his arguments according to known categories. (Ibid, 57-8.) The expectation makes it possible for those in power to exclude alternative ways to define problems and their solutions, which then become marginalized and implausible (Mikola & Häikiö 2014, 67). The Finnish business actors have aimed to challenge the dominant discourse focused on the global GHG emissions reductions with discursive practices, in which they use familiar concepts and storylines from the multilateral climate governance process but consciously define them differently. This is how they aim to make their problem definition and solutions more plausible and avoid becoming marginalized in the discursive battle. In the case, they did not use concepts that already are part of the discourse or attached to it, they would look like they would not be discussing the same issue at all. (Ibid.)

In the following three sub-sections, I will go through some of the central discursive practices that Finnish business actors use to frame the climate change problem from their perspective in the policy processes. The first sub-section introduces how business actors use concepts of global and fair, which are common for the dominant climate discourse. The second sub-section investigates the solution provider framing of Finnish business actors and the third presents the discursive practice of using positive messages in business actors' advocacy work.

5.3.2 Discursive Practice of Deploying Concepts of Dominant Climate Discourse: *Global* and *Fairness*

In climate politics, some industry sectors will gain more advantage from tightening emission caps while others will inevitably lose their core business and will need to look for other sources and new ways of profit-making (see, e.g., Pinkse & Kolk 2009, 91-98). It is precisely this struggle, which makes climate politics relevant for business actors: how and when does the regulatory framework develop, especially on the global level, and what will be its consequences for their business? From that

perspective, business actors are "rational" actors, but as Hofferberth, Brühl, Burkart, Fey and Peltner state, in some cases "the most appropriate form of behavior [is] to act as rational and profit-maximizing as possible" (2011, 24). Since a firm or industry would cease to exist without a profitable business case, it is an appropriate way for them to look after their interests. In climate politics, they are always first concerned about how the new policies influence their business case, and only second, they consider the aim of mitigating or adapting to climate change. Climate change mitigation and adaptation for a firm is the top priority only when directly connected to the firm's profit making, i.e., if the firm's business case is about climate change mitigation or if its business will be severely affected by climate change.[66] The main reason for business actors to engage in the climate politics and steer the discourse is, hence, often simply to ensure their license to operate:

> Well, actually the whole thing starts from that our member firms would have the possibilities to engage in profitable – since the firm's operation starts from the premise that it is profitable – so the possibility to engage in profitable business in Finland in this industry sector… Then there the influence is about looking after that those kinds of unwise decisions are not made that would force shut down the operation. The kind of compromise needs to be found, where certain risk level is accepted but so that the operation is still responsible. [67]

In the policy processes, there is always the chance that the regulatory framework develops to the direction that would somehow threaten the existence of the *license to operate* for many traditional industry sectors. Hence, participating in influencing the policy-making through framing the climate discourse is necessary, especially for those firms and industry sectors that in the dominant discourse are usually seen more of "troublemakers" than "solution providers". (See, e.g., Meckling 2011; Trigidga, Milne & Kearins 2014, 479.) Engaging in climate policy processes, Finnish business actors see their role as the rationalists who can tell the policymakers what is currently possible and what is not:

> It indeed comes from the firms, the realism of what is possible. The lawmakers are not aiming – at least not in the most cases – to kill the business but to see how it would be possible to change its direction with reasonable costs and in a reasonable

[66] However, it is good to remember that when climate change progresses, all businesses will be severly affected by it, if they are not prepared.

[67] "No oikeastaan se koko homma lähtee siitä, että meidän jäsenyhtiöillä olisi mahdollisuudet harjoittaa kannattavaa – koska firmojen toimintahan lähtee siitä, että se on kannattavaa – niin mahdollisuus harjoittaa kannattavaa liiketoimintaa Suomessa tällä teollisuudenalalla… Niin, siellä on vaikuttamista se, että katsotaan ettei tehdä sellaisia tyhmiä päätöksiä, että toiminta olisi pakko lopettaa. Että täytyy löytää sellainen kompromissi, missä hyväksytään tietty riskitaso, mutta kuitenkin niin, että se toiminta on vastuullista." (Representative of an industry federation.)

> timeframe and also, e.g., in the fast enough timetable in regards with the climate targets. How it can be taken towards some other direction, maybe. What is technically and economically possible…Anyway, it is so that there might be unrealistic expectations [from lawmakers] then and now it is the role of firms to tell what is possible now.[68]

The framing has at least following background assumptions: (1) the current economic system and business making are defaults and not changing even though their *direction* might need to change. (2) The changes in the direction of business making should not be *irrationally* fast or cause *unreasonable* costs. (3) Business actors are experts in technical and economic issues, whereas lawmakers are not, since they might have *unrealistic* expectations. Thus, even though a business actor seems to be going along with the lawmakers' discourse about the need to change, the aim is to position business actors as the *rational* experts who can define the right boundaries – direction and pace – for the change. The quotation reveals a great deal about the identity construction of business actors. Accordingly, business actors construct their identity to be rationalist experts, those "who-have-their-feet-on-the-ground" and who can tell what is possible and what is not. This identity construction also forms a part of their justification for their point of view.

In their aim to steer the discourse in climate politics, business actors use the concepts of the dominant climate discourse as part of their storylines. They define the concepts from their point of view to guide the debate to the direction more favorable for them. The examples of such storyline include the *right kind of regulatory framework* storyline that uses the concept of *fairness* and the *global level playing field* storyline that uses the concept of *global*.

The Right Kind of Regulatory Framework and the Concept of Fairness

Finnish business actors widely call after the *right kind of regulatory framework* that would help them to operate as the solution providers for the climate change problem. They often refer to the idea also as *fairness in regulation*. Unsurprisingly, business actors do trust in market forces to deliver the solutions but, at the same time, they admit that

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[68] "Kyllä se kuitenkin yrityksistä tulee sekin realismi, että mikä on mahdollista. Ei lainsäätäjänkään – ainakaan useimmissa tapauksissa – tarkoitus ole tappaa jotain liiketoimintaa vaan katsoa, että miten siitä päästään jotenkin kohtuullisilla kustannuksilla ja järkevässä aikataulussa ja myöskin esim. ilmastotavoitteiden kanssa riittävän nopeassa aikataulussa. Miten sitä voidaan viedä johonkin toiseen suuntaan, ehkä. Mikä on teknisesti ja taloudellisesti mahdollista… Joka tapauksessa se on niin, että siellä on ehkä epärealistisia odotuksia [lainsäätäjiltä] sitten ja nyt yritysten tehtävä on kertoa mikä on mahdollista nyt. " (Representative of a firm.)

the market will not work without the right kind of regulatory framework that the policymakers need to put in place. Arguments for the right kind of regulatory framework or fairness in regulation are widely used also by most of the European business actors (see, e.g., BusinessEurope 2013, 5, 11).

However, what is in fact meant by the *right kind of* or *fair* in this context needs a bit deeper reading of the position papers and interview materials since their exact definition is not necessarily – or even likely – the same for different industry sectors or firms. Even when on an abstract level, business actors seem to be agreeing about the correct solution to climate change, looking deeper into the *right kind of regulatory framework* storyline and *fair regulation* concept, can indeed reveal the fractures inside the business community. The finding suggests that both of these can act as storylines that reduce discursive complexity but also as *empty signifiers*, which actors define differently depending on their interests (Mikola & Häikiö 2014, 57). Defining the concept or influencing the development of the *right kind of regulatory framework* is part of the political struggle among the different industry sectors, which do not have similar interests in climate politics. However, these struggles are not explicitly expressed. They can only be read in small hints when different sectors point out the excellence of their own products or services and might indicate shortcomings in the other industries' or firms' approach or products, in relation to the climate politics.

Business actors frequently use fairness in regulatory framework in reference to (1) possibilities for firms to compete fairly in the global context and (2) predictability of the regulation. In the multilateral climate governance, *fairness* is debated in relation to the allocation of the emissions reduction targets between states. The development level of the state is important. (Hoffmann 2013, 7-11.) In business actors' discourse, fairness refers to the *global level playing field* storyline, introduced below, and the possibilities of all business actors to compete fairly (see, e.g., EK 2007). A central demand of fairness that Finnish business actors express is that regulatory framework should be predictable and recognize the earlier "good deeds". For large business actors competing globally, fast changing and regional regulation is a hindrance. From business actors' perspective, it would be rational to ensure that, e.g., the production of very energy-intensive products would take place there where the production causes least amount of emissions possible (EK 2007, 10). The critic points directly to the fact that a significant share of production has moved from Europe to China since the start of international climate politics. A well-known fact is that the energy production in China is highly dependent on fossil fuels and causes more GHG emissions than production in Europe would. Fairness, generally, is seen in the global context – usually between the European businesses and the others that have less

strict climate regulation – but sometimes also in the EU context, in which Finland might have implemented the regulation differently than some closely competing countries at the same industry sector.

> If we think what the goal is, well, it is to reduce CO2 emissions. A fair way would be to those who are inefficient – if we need … a ton of something… or any service performance, from engineering logic you would think that, it would be a good thing to do it… with as minimal emissions as possible, you would think that this would be encouraged.[69]

The quote is an example of how a Finnish business actor uses the categories and concepts of the dominant discourse of climate change as a problem of reducing GHG emissions but introduces other understandings for these. The particularity is in the use of *fair*, which, typical for a business discourse, refers to the fairness between companies, not to fairness between states as in the multilateral climate governance. The quote also refers to the need for encouragement or *incentives*. These are the recognition of the "good deeds" that the business actor already has made. E.g., the Confederation of Finnish Industries (EK) demands in its position paper on long-term climate policy that "climate policy should be fair and incentivizing" (2007, 3).[70] EK refers to fairness by the equal obligations and participation of actors, whereas the incentivizing comes in the form of recognizing those that exceed the reference levels in the benchmarking system – as well as from the working market mechanism of emission trading that brings the global price for carbon. (Ibid.) Overall, the business actor interviewees often called for incentives for business actors to do more in climate change mitigation, instead of traditional command-and-control policies of percent targets and directives.

The argument for the right kind of regulatory framework frequently includes the call for higher predictability of the regulation. Business actors emphasize their need to be able to predict the future regulation as far as possible to be able to make long-time investments. The approach is well in line with the hedging response strategy: once a regulation is in place, it is better to keep it that way, since future developments then remain predictable.

> Well, the most important thing for the investments to get going is the long-term approach, predictability and… reliability that when some decisions are made, they are

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[69] "Että jos ajatellaan, että mikä on tavoite, no tavoite on vähentää hiilidioksidipäästöjä. Oikeudenmukainen tapa voisi olla se, että ne ketkä on tehottomia – että jos me tarvitaan yksi tonni… jotain… tai mikä tahansa palvelusuorite – niin luulisi tällä tavalla insinöörilogiikalla, että se olisi hyvä asia, jos se …tehdään mahdollisimman pienillä päästöillä. Niin luulisi, että sitä pitäisi kannustaa." (Representative of a firm.)

[70] "Ilmastopolitiikan oltava oikeudenmukaista ja kannustavaa"

> kept and not changed so that there would be many different types of mechanisms: emission trading, taxation, voluntary systems of business agreements and basic regulation. There are a variety of different kinds of instruments, and each of them has its sides. However, the most important thing is to be persistent and predictable and to know in which direction we are going and then keep that direction, and that it is global and that there are no distortions of competition because then the investments will flow almost automatically, they are made.[71]

The view presented above was prevailing among all the industry federations interviewed. Notably, in the cases where new technologies need substantial initial investments, such as the biofuel strategy the Finnish government has planned for climate change mitigation, business actors prefer having it as a law to make sure that the vast investments are not wasted later. Therefore, they are willing to support the legislation that guarantees the stability of the system:

> [T]hese obligations to supply biofuels we wanted to have in law as they require quite a significant investments from firms... [T]hat everyone agrees on it that this is the direction where we go. That it gives certainty for the operating environment that the legislation is not so fluctuating, but we have now decided that this is the direction where we go, and then we dare to put those enormous amounts of money on this.[72]

Specific policies that business actors might have resisted in the beginning, they would not give away at any price anymore, as it would distort the current status quo of their operating environment. Despite the earlier negative attitudes towards the EU ETS, it now has a broad support among Finnish business actors:

> Since emission trading started, it is then part of our regular operating environment and about the worst thing that could happen is that it would be taken away and a new mechanism would be introduced. So now, we think that let it be emissions trading…[73]

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[71] "No, kyllä ehkä kaikista tärkein siltä kannalta, että niitä investointeja tehdään on just se pitkäjänteisyys ja ennakoitavuus ja… luotettavuus että kun tehdään jotakin ratkaisuja niissä myös pysytään, eikä lähdetä muuttamaan että on hirveästi erityyppisiä mekanismeja: päästökauppaa, verotusta, vapaaehtoisia yrityssopimusjärjestelmiä ja perusregulaatiota. Että hirveästi erityyppisiä instrumentteja ja kaikissa on puolensa ja puolensa. Ja kuitenkin tärkeintä on se, että se on pitkäjänteinen ja ennustettava ja tiedetään mihin suuntaan ollaan menossa ja että siinä pitäydytään ja että se on globaalia ettei tule näitä kilpailuvääristymiä, koska silloin ne investoinnit ikään kuin automaattisesti lähtee, niitä tehdään." (Representative of an industry federation.)

[72] "[N]ämä biopolttoainejakeluvelvoitteet… haluttiin lakiin, että kun ne edellyttää yrityksiltä aikamoisia investointeja… että kaikki on yhtä mieltä siitä, että tämä on se suunta minne mennään. Että se antaa varmuutta sille toimintaympäristölle, ettei se oli poukkoilevaa se lainsäädäntö, vaan nyt on päätetty, että tänne mennään, niin sitten uskalletaan pistää niitä valtavia rahoja sitten kiinni tähän.." (Representative of an industry federation.)

[73] "Ja siitä eteenpäin, kun päästökauppa on tullut, niin sitten se on osa meidän normaalia toimintaympäristöä, että suunnilleen pahinta mitä voi tapahtua että sitten otetaan se pois ja sitten tulee taas joku uusi mekanismi, joten nyt ollaan sitä mieltä, että olkoon se nyt se päästökauppa" (Representative of an industry federation.)

Global Level Playing Field Storyline

Business actors engage in the discursive struggle with public actors by their characterization of *global* in the global problem of climate change. The *global*, or the *globe*, can be understood as *an empty signifier*, which can have various definitions and marks an opening in a discourse (Hoffmann 2013, 8; Mikola & Häikiö 2014, 65). Whereas the understanding of the multilateral climate governance is that *global* means universal and international, in which each state participates into the solution of climate change (emission reductions) according to its developmental status (Hoffmann 2013, 11), in business actors' discourse *global* usually occurs in the storyline of the *global level playing field*. One of the favorite storylines of business actors everywhere in climate politics, *global level playing field* refers to business actors' aim to have global rules that would be same for all, regardless of their home country. Many of the solutions that business actors are offering for climate change mitigation base on this idea, most famously the global price of carbon. (See, e.g., EK 2007; Ohlström 2013.)

According to Hajer, metaphors, analogies, historical references, clichés, and appeals to collective fears or senses of guilt can all act as storylines (1995, 63). In the global level playing field storyline, the metaphor is the globe as a *playing field* of the (multinational) business actors. According to the storyline, the playing field should be *level*, i.e., the rules should be same for all players, regardless of their home country. The metaphor is well in line with those economic globalization discourses, which see globalization as the desired development in which benefits come through liberalization and further openness (Hay & Rosmond 2002, 154-156). The *global level playing field* fulfills the three characteristics that Hajer (1995, 62-63) suggests to be important for a storyline. Firstly, it helps to reduce the discursive complexity of a problem and creates possibilities for solutions. Defining the globe as a *playing field* for business actors is a simple metaphor that is easy to grasp. It is also quite a simplification, which makes the finding of global solutions look easy and opens up possibilities for solutions – like the global price of carbon – that would create the requested common rules. Through this defining, the global level playing field storyline fulfills the second characteristic: It gives debates certain permanence by creating mutually accepted and widely used understanding and rationalizes a specific approach to what seems to be a consistent problem. Thirdly, storylines expand the competence of different actors beyond their expertise or experience, which is seen

in the extensive use of the global level playing field storyline among business actors, regardless of the industry sector.[74]

The global level playing field storyline is one of the discursive practices that business actors use as a part of their hedging response strategies in climate politics. A means for achieving the global level playing field could be an international climate agreement accepted by all, and one that would include binding reduction targets also for developing countries. The demand is not new: it has been present in the debate on regulation in climate politics since the 1990s when it was included in the antiregulatory response strategies of business actors (Meckling 2011, 168) and it remains a backbone in discursive practices of hedging response strategies. Particularly in the U.S., the antiregulatory business coalitions have successfully used the argument that the U.S. should not commit to international agreements, which do not have binding emission reduction targets for developing countries (Meckling 2011, 87). Familiar examples from the Finnish climate debates are those discursive practices, in which the actors argue why the local action in Finland or the EU is not worthwhile as long as the global action is not taking place. According to the first claim, Finland or the EU should not commit themselves to larger emission reduction targets than other states, as this can have negative consequences for business actors' competitiveness in global markets:

> [The international agreement] is necessary because China and India and rest of the Far East, there are very strong economies where the growth is now concentrated. They open there new industrial plants and if in the EU area we keep on tightening the unilateral GHG emissions reduction targets, it means that factories here will be shut down and new ones will be built closer to the markets. Soon all the money will be there too. We will lose jobs and well-being.[75]

The second claim points out that Finland or the Finnish (business) actors have already done so much that now it is the time for the others do their part before it is worthwhile for us to do more. Usually, this argument includes the cost aspect:

> Here [in Finland] we have quite a long tradition in the energy efficiency and the low emission operations and only for cost reasons so that we save when the energy price [is high] and so, that it is such a natural starting point. If we think for example our

[74] In all the interviews with the industry federations, the storyline came up in one form or another and was also present in several interviews with the firm representatives.

[75] "[Kansainvälinen sopimus] on aivan ehdoton, koska Kiina ja Intia ja muu Kaukoitä, siellä on hyvin voimakkaita talouksia, jonne nyt sitten kasvu keskittyy. Ne avaavat siellä uusia teollisuuslaitoksia ja jos EU:n alueella pidetään kiinni yhä tiukentuvista yksipuolisista kasvihuonekaasupäästöjen vähennystavoitteista, niin täällä tehtaita suljetaan ja niitä rakennetaan sinne lähemmäs markkinoita. Kohta siellä on kaikki rahatkin. Meiltä menee työpaikat ja hyvinvointi." (Representative of an industry federation.)

> steel production, it is one of the most efficient in the world… In a way, it is a good thing, because it means that in several issues, we are ahead already, but it brings an additional challenge in a sense that if we already are on a somewhat high level in energy efficiency, then the additional improvement is more expensive.[76]

Recognition for the efforts already made in, e.g., energy improvements was specially called for in the interviews: not surprisingly, firms prefer carrots to sticks when they are encouraged to better performance in climate change mitigation. Business actors crave for recognition for their efforts already made instead of a feeling that they are punished for their past good deeds. The storyline of more energy efficient production and construction in Finland than elsewhere has been very popular since the very beginning of international climate politics in the 1990s and can be found, e.g., in the national positions prepared for the first international climate negotiations at the beginning of the 1990s (Valtonen 2013, 29). A question remains, for how long this storyline stays current. Regardless, the critic towards hard regulation and percent targets of the EU level persist in the business discourse:

> Now and then, there are the news that now for example in China they have invented something new with low emissions or they are investing a lot… They have invented new kinds of solar panels or something else. And then, still all the time there is continuous talk about the EU being somehow at the same time a forerunner and a last comer. The same people are saying that now when we make a directive, now we are the forerunners and trendsetters and then when we look at what has happened then they say that…those in China are going lot further [than we]…Something in that [logic] is not working. [It] is contradictory… to say that those others are doing so much better, they always develop and are somehow smarter – the first idea that I think is that "look at that, they can make it even without directives and percent targets"… Could it be that it is not the smartest solution after all?[77]

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[76] "Täällä [Suomessa] on kuitenkin aika pitkät perinteet näissä energiatehokkuudessa ja tässä vähäpäästöisessä toiminnassa ja pelkästään kustannussyistä, että säästetään, kun energian hinta [on korkea] ja näin, että se on sellainen ihan luontainen lähtökohta. Jos miettii vaikka meidän terästuotantoa, niin se on yksi tehokkaimmista koko maailmassa... Se on tavallaan hyvä asia, koska se tarkoittaa että me ollaan monessa asiassa edellä jo, mutta se tuo lisähaastetta siinä mielessä, että jos ollaan jo aika korkealla tehokkuuden tasolla niin silloin se ekstratehostus on sitä kalliimpaa." (Representative of an industry federation.)

[77] "Kun välillä aina tulee sellaisia uutisia, että nyt vaikka Kiinassa on kehitetty jotain uutta ja vähäpäästöistä tai investoidaan kovasti... On keksitty jotain uudenlaisia aurinkopaneeleita tai jotakin juttuja. Ja sitten kuitenkin koko ajan puhutaan, että EU on jotenkin yhtä aikaa edelläkävijä että perässähiihtäjä… Samat ihmiset sanoo sen, nyt kun tehdään joku direktiivi, niin nyt ollaan etunenässä ja suunnannäyttäjä ja sitten kun katsotaan että mitä on tapahtunut, niin sanotaan, että... kyllä ne siellä Kiinassakin menee paljon pidemmälle [kuin me]… Siinä [logiikassa] ei niin kuin joku toimi. [Se] on ristiriitaista… kun sanotaan, että niillä muilla menee niin paljon paremmin ja ne aina kehittelee ja on jotenkin fiksumpia - niin ensimmäinen ajatus, mikä mulle tulee on, että "kappas vaan että sitä onnistuu

Overall, the *global level playing field* and the *right kind of regulatory framework* storylines are part of the same discursive practice, in which business actors aim to use the concepts of the dominant climate policy discourse and define them from their point of view. Thus, these storylines share similar arguments, like the reference to fair global competition and the need for recognition of the earlier achievements.

Global Level Playing Field Storyline and Support for the International Climate Agreement

Achieving global regulation and same rules for all business actors, remains the main motivation for large Finnish business actors to support an international climate agreement. They prefer having as unified rules across regions as possible since it makes their operations easier and competition with foreign business actors more even. Recent studies (see, e.g., Falkner 2008, 2013; Meckling 2011; 2015) have recognized that in particular business actors operating in multinational or global frameworks see a global level playing field necessary for keeping their operations competitive. Falkner (2013, 256) indicates that when business actors face an intense domestic regulatory pressure "and international competition from countries with low environmental standards, some business groups have opted for a strategy of regulatory export to create a global level playing field or gain a first mover advantage." Thus, the strategy of regulatory export sometimes explains the engagement of business actors in calls for stricter international regulation. The idea comes up on several occasions in the research material, and large Finnish business actors connect it to the need for a global climate agreement. The role of the EU climate regulation already in place is acknowledged and do influence the positions of Finnish business actors.

> We have supported the global agreement from the beginning because climate change is a global problem, so we need everyone – especially these influential countries, but [also] every country – to commit to it… And from the firm perspective, it is very important to create a level playing field because climate policy and its future regulation will allocate those costs. And in the EU, we have become used to go quite ahead in these issues, and then we have those firms operating globally, and it makes their

ilman direktiivejäkin ja ilman prosenttitavoitteita"… Voisiko olla, ettei se olekaan ihan se älykkäin ratkaisu? (Representative of and industry federation.)

> competitive position difficult … that for a globally operating firm, if you have different rules everywhere, it makes it concretely difficult to operate.[78]

> I would like a global agreement. The same level everywhere that is what I would like to see. What I do not like to see, is Europe taking harder initiatives, making it more difficult for our industry to compete with the industry in the U.S. or China. We have to make sure that we have the same rules everywhere… So, well, I think the issue is to agree on something. And, I guess that when they finally agree, it cannot be a diluted agreement – it has to be something concrete and substantial that really affects. Then, we can start to compete with the same rules everywhere.[79]

> We want high demands for the result but otherwise free field since we see that our technology is so strong and good that we do not want any special benefits for it. We only want that everyone is treated in the same way and that we are not… discriminated.[80]

Markets and business operations are mostly global today, and since the industry in Finland is very much dependent on exports, it is in their interest that their competitors in other parts of the globe would be regulated with similar rules. Falkner (2008, 33) points out that the firms who are dependent on "unhindered flow of goods" and operate in various national markets, value global level playing field more than those who are "concerned primarily with national markets and competition from abroad." One of the main reasons for the global level playing field storyline being this big issue for large Finnish business actors lies in the EU's aim to show leadership in global climate politics and lead by example (Oberthür & Roche Kelly 2008, 35, 39). The EU has extended its regulatory framework in climate policy during the 2000s much more than other major global players. For business actors, the rising regulatory pressure has further emphasized the need and support for an international climate change agreement. Furthermore, studies in various contexts, in particular in the EU, have shown it to be common for business groups to aim to "internationalize

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[78] "Me on alusta saakka kannatettu tätä globaalia sopimusta ihan just sen takia, että ilmastonmuutos, koska se on globaali ongelma, niin tarvitaan että kaikki – erityisesti nämä merkittävät maat, mutta [myös] kaikki maat – sitoutuu siihen… Ja yritysnäkökulmasta se on hirveen tärkeää, että tuodaan se tasapuolinen kilpailukenttä, koska kuitenkin ilmastopolitiikka ja siitä tuleva lainsäädäntö kohdistaa niitä kustannuksia. Ja EU:ssa on totuttu menemään aika edellä näissä asioissa ja sitten kun meillä on niitä globaalisti toimivia yrityksiä niin se hankaloittaa niiden kilpailuasetelmaa… että globaalisti toimivalla yrityksellä jos joka puolella on eri sääntöjä niin se vaan on konkreettisesti hankalaa toimia." (Representative of an industry federation.)

[79] Representative of a firm (interview originally conducted in English).

[80] "Me halutaan kovat vaatimukset lopputulokselle, mutta sitten vapaata kenttää. Koska me nähdään, että meidän teknologia on niin vahva ja niin hyvä, että sille me ei haluta erityisetuja. Me halutaan vaan, että kaikkia kohdellaan samalla tavalla, että me ei jouduta… syrjityksi." (Representative of a firm.)

national environmental regulations", i.e., to export regulation in order "to extend domestic regulation to their competitors" (Falkner 2013, 256). A global climate agreement would create a global system: restrictions and markets for all business actors and, thus, make the competition between firms globally equal. The aim is well in line with the idea of a hedging response strategy.

The international negotiation situation was very uncertain at the time of conducting the research interviews in 2012. The expectations of Finnish business actors had been high during the peak years of climate change issue on international political agenda and when the Copenhagen Climate Conference in 2009 preparations were ongoing. Thus, disappointment towards the international process was deep after the failure. When asked, the interviewees widely supported the international agreement and the responsibility of governments to solve the regulatory problem of climate change. However, at the same time, they pointed out that business actors are interested in *what kind of* agreement it would be. They also indicated that the EU should remain from making more unilateral commitments without a more substantial commitment from its main economic rivals, namely the U.S. and China.

> [We] see particularly the international forum and international negotiations as the channel through which this issue should be approached. And we, like many others, were quite disappointed when it was not achieved in 2009 at the Copenhagen Climate Conference. Since then it has been somewhat uncertain if this kind of agreement will be achieved or not, and where do we stand. And, still, it is very central from the firms' point of view that there are certain predictability and vision of the direction we are heading at. That there is the stable operation environment and long-term policy and we do not change issues but take a clear stance. That has really been missing during last years, and that has been a bad thing.[81]

5.3.3 Discursive Practice of Framing Business Actors as Solution Providers

The *solution provider* framing is looked as a discursive practice because business actors construct their identity in continuous and recurring discursive practices in which the

[81] "[Me] nähdään nimenomaan tämä kansainvälinen foorumi ja kansainväliset neuvottelut sinä kanavana mitä kautta tätä asiaa pitäisi ylipäätään lähestyä. Ja oltiin, kuten moni muukin, aika pettyneitä silloin kun sitä ei saatu aikaiseksi 2009 Kööpenhaminan ilmastokokouksen yhteydessä. Siitä asti on ollut jotenkin aika epävarmaa, että onko tällaista sopimusta nyt tulossa vai ei ja missä mennään. Ja kuitenkin, mikä on kauhean keskeistä etenkin yritysten kannalta, on se tietty ennustettavuus ja näkemys siitä että mihin suuntaan ollaan menossa. Että se on vakaa toimintaympäristö ja pitkäjänteistä politiikkaa eikä vaihdella asioita vaan otetaan selkeä linja. Niin se on kyllä ollut viime vuosina aika kateissa ja se on ollut huono asia." (Representative of an industry federation)

actor describes its role and task in the issue. Thus, the framing explains the identity constitution of business actors. According to the constructivist approach of the study, actors constitute their identity in line with the institutionalized norms, values, and ideas of their social environment and their interests arise from these identities (Reus-Smit 2005, 199). Constructivists hold society as "a constitutive realm, the site that generates actors as knowledgeable social and political agents" and not the strategic realm in which actors only rationally pursue their interests (ibid). Chapter 4 and in particular its sections 4.3 and 4.4 have already dealt with the roots and history of the business actors' identity as political actor in climate politics and the emergence of the solution provider framing for business actors in the international arena. This sub-section aims to elucidate what has led Finnish business actors use the solution provider framing and investigate how they use it as a discursive practice in their political response strategies to climate politics.

Already pointed out in Chapter 4, the social context, its institutionalized norms, values, and ideas constitute the identity of business actors as the experts of economy and technology. Through that role, they are also the partners of the governments and other societal actors in providing employment and economic growth. Like in most of the current capitalist democracies, also in Finland economic welfare, entailing employment and economic growth, is highly valued by most political actors and public. Business actors are essential actors in society providing these through their expertise in economic and technological issues. Thus, expert-partner identity construction is natural for Finnish business actors. The solution provider framing follows this identity construction, since if business actors can provide other goods and services needed to build the capitalist society, why not solutions for the problem of climate change.

Since the 1990s, one of the primary discursive practices in the hedging strategies to climate and environmental policies has been the aim to frame business actors as solution providers instead of troublemakers in environmental politics (see, e.g., Levy 2005, 2 referring to the statement made by the International Chamber of Commerce in the COP1 in 1995). E.g., the World Business Council for Sustainable Development (WBCSD) frames business actors as *solution providers* for sustainable development. It often uses this frame to justify why business needs to have "a seat at the table" when environmental policies are decided (WBCSD 2003, 6, 8, 2006a, 5). The solution provider frame aims to be a departure from the *troublemaker* label the business had been given – mostly by the civil society actors – from the start of the politicization of the environment (Levy & Newell 2005, 2; WBCSD 2006a, 5). The troublemaker frame commonly refers to the antiregulatory, i.e., opposition

response strategies of those business actors that have been reluctant to accept new environmental regulation. The troublemaker frame fits poorly with the idea of business actors as partners and experts in contributing to the society's well-being. The main aim of the new frame has been to legitimize the participation of business actors in the environmental politics. The fact that the solutions that business actors advocate to solve climate politics are primarily technological fixes: products or services that could reduce GHG emissions, improve energy efficiency, etc. points to the identity of business actors as mainly technological and economic experts in society. Technological expertise of business actors and, thus, their ability to tell politicians "what is possible" is a widely mentioned issue bringing the legitimacy for business actors to engage in climate politics (Falkner 2008, 30-32; Meckling 2011, 181; see also Fuchs 2007).[82]

Framing business actors as solution providers instead of troublemakers is an essential part of business actors' aim to get legitimacy as actors in climate politics as well as to have more power in the field. In politics, all actors are aiming for discursive hegemony, i.e., support for their interpretation of the questions under the struggle. Discursive hegemony means that there is a wide acceptance of a dominant interpretation of an issue. Thus, that interpretation looks like natural and necessary part of the social reality. (Mikola & Häikiö 2014, 61.) By framing business actors as solution providers, e.g., the WBCSD challenged the old, predominantly environmental nongovernmental organizations' (ENGO) framing of business actors as troublemakers. Defining the role of business actors in climate politics, thus, became a *nodal point*, in which the hegemonic discourse and its interpretation were challenged (see Mikola & Häikiö 2014).

Both the research interviews and other material show that the solution provider frame has been well adopted also among business actors in Finland. The frame's potential in practice of discursive power is well described by one of the industry federation representatives who identifies "solution-oriented lobbying" as the most significant change in the trends of political advocacy, overall.[83] The interviewee points out that their organization has challenged both environmental NGOs and political parties with their "story", and asked them if they think it is a good story:

[82] Representatives of a firm and of an industry federation.

[83] "ratkaisuhakuinen edunvalvonta"

> We have got support from surprising directions… It is any way the kind of indication that one has the respect when one takes the position that we solve these issues.[84]

Different Uses of the Solution Provider Frame

Using Mikola and Häikiö's (2014) discourse analytic perspective, *solution provider* concept can be understood as *empty signifier*, which can be interpreted in various ways and form new linkages and discursive positioning, depending on the needs of the actor using it. In the research material, at least three different uses of *solution provider* frame occur. These vary from vague to precise characterizations of the role of industry or firm in providing the "solutions" in climate politics. An example of the vague use of the frame would be an industry federation representative's statement, which indicates that "solution-oriented lobbying" referred by the other interviewee, is widely identified and accepted discursive practice among the Finnish business lobbyists, regardless of the industry sector:

> We, as an industry, have been for a long time of an opinion that we want to be part of the solution and not part of the problem.[85]

Another, more common use of the frame is to define products, services, or investments of the industry or the firm as (part of) the solutions to the climate problem. This use seemed to be particularly popular among those business actors using much energy, as with the frame they were able to represent their products and services as solutions for reducing GHG emissions somewhere else. According to them, being able to reduce GHG emissions overall should justify a certain level of emissions from their operations. Like the interview extracts below show, for many business actors the concrete solutions they can provide are the low-carbon technologies, products, services, and know-how that can help citizens, the public sector, and other firms to reduce their emissions; thus, societies to mitigate and adapt to climate change (see also EK 2007, 22). From the perspective, the understanding of the *solution provider* role – and identity as technological expert – is relatively similar among business actors in different industry sectors:

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[84] "Me ollaan saatu yllättäviltä tahoilta tukea… On se nyt kuitenkin semmoinen osoitus siitä, että myös kunnioitus on silloin kun ottaa sen asennon että me ratkaistaan nämä kysymykset." (Representative of an industry federation)

[85] "Meillä on ollut jo pitkään alana sellainen näkemys, että me halutaan olla osa sitä ratkaisua, eikä ongelmaa." **(**Representative of an industry federation)

> We have, for example, developed this… [replacing] technology. So the first 50… [products] to which we delivered, those reduce, compared to the old technology, 2 million tons [of CO2 emissions] in a year. And our emissions are little over 100 000 tons [CO2/year]. So this we have achieved by our product development, but the impact is multiple. Thus, I have always said that, if we reasoned, we should be producing more operative emissions if we can scale down the life cycle emissions [of products], but this is a difficult thing to communicate.[86]

> More than focusing on how to reduce the [current] percent, we should think how we could take advantage of the great potential that [the sector] has. We have wanted to keep in the discussion that it is not possible to think climate politics in sectoral silos – in which each would need to reduce 20 percent – but we should see that for example [our sector] has a large potential to help the other sectors to reduce their emissions.[87]

The discursive practice of framing business actors as solution providers and their identity as experts and partners for governments is firmly connected to the practice of strategic planning and forecasting.[88] Through these, business actors regularly decide the direction and priorities of their business operations but also predict the future trends and risks. When asked from the firm representatives about how climate change had initially been taken into account in their day-to-day work, e.g., included in their business strategy, almost all firm representatives indicated some forecasting or scenario work behind its inclusion in their work. Thus, the standard practice for especially large firms is to make strategic forecasting and analyze the megatrends, the future risks, and opportunities. This practice has brought climate change on their radar and made business actors to set themselves in relation to it. Climate change has been identified as a challenge to whole humanity (EK 2007, 3), which, thus, also poses many risks to business operations.

However, also the opportunities for business making are identified, which then offer the possibility of solution-oriented approach towards the challenge and the

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[86] "Me on kehitetty esimerkiksi tällaista … [korvaavaa] teknologiaa. Niin ne ensimmäiset 50 [tuotetta]…, joihin me toimitettiin, niin ne vähentää verrattuna vanhaan teknologiaan 2 miljoonaa tonnia [CO_2:ta] vuodessa. Ja omat päästöt on 100 000 tonnia [CO_2 vuodessa], reilu, niin tämä, se on saavutettu sillä, että me on tehty sitä tuotekehitystä, mutta ne vaikutukset on moninkertaiset. Siinä mielessä, että mä olen aina sanonut, että jos ajatellaan järkevästi, niin meidän pitäisi enemmän tehdä operatiivisia päästöjä, jos me pystytään elinkaaren aikaisia päästöjä pienentämään, mutta tämä on hankala asia kommunikoida." (Representative of a firm)

[87] "Enemmän kuin keskittyä siihen, että miten me voitaisiin pienentää sitä [nykyistä] prosenttia, niin pitäisi miettiä, että miten me voidaan hyödyntää sitä valtavaa potentiaalia, mikä [sektorilla] on. Eli sitä, että me ollaan haluttu pitää mukana keskustelussa se, että ei voida ajatella ilmastopolitiikkaakaan silleen, että se on hyvin tällaisissa siiloissa menossa sektorikohtaisia – että teiltä 20 prosenttia pois ja teiltä ja teiltä – vaan pitäisi katsoa että esim. [meidän sektorilla] on valtava potentiaali auttaa niitä muita sektoreita vähentämään heidän päästöjään." (Representative of a firm)

[88] Forecasting can mean e.g. scenario work for the future.

opportunity to continue the business also in the future. The framing of climate change more as an opportunity than a risk for the business has become a standard discursive practice among business actors and can even be regarded as part of their appropriate behavior, which they need to adopt to instead of concentrating only on the cost and risk side of the issue. Along with the firms making their strategic plans, also industry federations have similar practices of forecasting the future trends of the industry sector.

This trend of "solution-oriented lobbying" becomes visible in the climate-related publications that almost all industry federations in the study's sample have published during the study period. In their long-term (2050) visions, the energy industry federation, the forest industry federation, and the technology industry federation each paint a picture, in which their industry sector blooms in the era of low carbon economy. In the visions, their products that have help solving the problems of GHG emissions, resource scarcity or lack of energy efficiency. (Energiateollisuus 2010; Metsäteollisuus 2012; Teknologiateollisuus 2012.) The Federation of Finnish Technology Industries collected its solutions to climate change problem into a publication *Technology in the Fight against Climate Change* (Teknologiateollisuus 2012). The federation "wanted to make the Finnish technology know-how known to all and, at the same time, communicate about its possibilities to solve major, global energy, climate, and environmental challenges" (p. 7). Similarly, the Finnish Forest Industries Federation's publication *A Bioeconomy for a Low-Carbon Future: European Forest Industry in 2050* (Metsäteollisuus 2012) presented the opportunities and solutions that bioeconomy based on the products of the forest industry can provide in the path towards low-carbon future. The most specific scenarios are in the energy industry federation's publication *From Challenges to Opportunities – the Carbon Neutral Vision of Electricity and District Heating for 2050* (Energiateollisuus 2010), in which the role of the industry in solving the climate problem has been defined. The energy industry federation directly expresses that the aim for their vision is to "support the Finnish climate and energy policy-making" (ibid, 3). Their vision is fulfilled by market-based energy policy, in which electrification of various sectors now using fossil fuels from transport to heating, improvement of energy efficiency and increase of self-sufficiency in energy production are the main tracks of the change (ibid, 4). Even the Confederation of the Finnish Industries (EK) published its vision of business and green economy, titled *Firms in the Forefront of Green Economy* (EK 2010), in which it wanted to stake out ground in the debate over the megatrend of greening and future of green economy (ibid, 3). These reports and visions can be seen as examples of business actors acting as expert-partners for governmental actors. They

each aim to steer the development of climate policy towards their vision. Even when cautious towards "wrong kind of" policies, each of these visions are keen to indicate the opportunities that the transition towards low carbon economy could bring to their sector, if only the "right kind of regulatory framework" is put in place by governmental actors.

A particular context for these publications are the debates over the green economy, low-carbon economy and carbon neutrality in the context of the development of the EU climate and energy politics towards the long-term target of reducing the GHG emissions by 80-95% by 2050. *A Roadmap for moving to a competitive low carbon economy in 2050* (EU Commission 2011; EU Commission Climate Action n.d.a; n.d.b) was published as a communication from the Commission in March 2011. The publications from the Finnish industry federations can be analyzed as reactions to the debate and as aims to influence its course in Finland by using similar concepts and seeking to define the solutions and paths that are needed to achieve the targets pointed out in the roadmap. The publications from the industry federations also targeted and created background information both on the government programme that was negotiated in spring 2011 as well as on the Finland's *Energy and Climate Roadmap 2050*, published in October 2014 (Parliamentary Energy and Climate Committee 2014).

The visions from the different industry sectors in solving the climate problem can be mutually supporting but also conflicting. E.g., the energy industry sees their solution provider role to be searching for some overall solution for reducing emissions. At the same time, the other industry sectors – technology, forest, and also the oil industry with the biofuels – claim their products to be part of the solution when aiming to reduce GHG-emissions of someone else's operations. A business conflict can also be identified in the 'battle' between the role of electricity and the role of different kind of fuels in the future of energy use and production in Finland.

The strong linkage between economic growth and climate change underlines the need for business actors to conceive themselves experts, partners and, thus, solution providers for both instead of troublemakers only prioritizing the growth aspect. Business actors are keen to point out their essential role as partners in securing the welfare of the societies, and the responsibility of all actors in mitigating climate change (EK 2007, 26). Business actors also like to remind about their role in financing the shift towards the low-carbon economy that needs to take place for the climate change mitigation to happen: the change comes mostly through the new

investments that business actors do to new technologies and new infrastructures.[89] Through the investments, business actors are also "providing solutions". For the investments to take place, the *right kind of regulatory framework* is needed. The "right kind" varies according to the industry sector and depends on what is seen as the main solution for the problem. E.g., in the transport sector, the regulation influences the direction and pace of the change from the current car fleet from combustion engine towards electric motor cars, or the policies can lead to increasing use of biofuels. Regulation frameworks for these solutions differ but both electric cars and biofuels can be pointed out as solutions to the climate problem.

From the political response strategy's perspective, the solution provider frame can be pointed to be part of the hedging strategy that aims to protect business actors from adversary regulation by emphasizing the positive sides of their activities. Business actors take and aim to show the opportunities that solving the climate problem brings to both business actors themselves as well as to the society. A widely used example of is the emphasis given to the know-how in developing climate and energy technologies that could be an opportunity for the Finnish business, and that could become (an economic) strength for Finland (See, e.g., EK 2007, 26). Framing the climate change more of an *opportunity* than a *risk* to the business can be even seen as appropriate behavior or an "appropriate discursive practice" for business actors that has been widely adopted during as the issue has matured over the years.[90] Climate change as an opportunity and not only risk can also be identified as a storyline, which brings coherence to the debate, even when its meaning is different for different actors. The following section will deal more with positive messages, including the opportunity framing.

5.3.4 Discursive Practice of Using Positive Messages: How to Learn Not to Use "No" as a First Answer to Regulatory Initiatives

Representatives from all kinds of organizations in the study's sample emphasized the practice of using positive messages and visions instead of a constant rejection of new regulatory proposals in the interviews. The emphasis laid on using positives messages

[89] Representative of an industry federation

[90] Business actors along with the other actors in the society, see, e.g. the parliamentary debates about the national energy and climate strategies, in which the opportunity framing of climate change is becoming more widely used as the time passes (Eduskunta 2002; 2006; 2010; 2013).

and visions instead of directly opposing regulatory initiatives clearly indicated that hedging has become more common strategy than opposition in business actors' responses to climate politics. In the social reality of the interviewees, this seemed to be among the biggest *lessons learned* in political advocacy during the last decades, in particular after Finland became a member of the EU. The practice is closely associated with the practice of scenario work or forecasting, in which business actors regularly engage also to get material for the discursive practice of giving *positive* messages and visions of future. Framing climate change as a (business) opportunity instead of only a risk or a cost factor is at heart of the positive messages used in this discursive practice.

At least three developments in the social environment of Finnish societal actors have changed the practices of political advocacy during last two decades. Firstly, Finland's membership in the EU has markedly altered the regulatory environment of business actors as well as the working environment and powers of the Finnish governmental actors (see, e.g., Raunio & Saari 2017). Secondly, the fast pace of changes in the society, given the global developments in economic and environmental issues, together with the accelerated speed of communication and spreading of information have challenged business actors in various ways and created a more significant demand for proving the legitimacy of their operations. Thirdly, the maturing of climate change as a policy problem has made it difficult for business actors to discard it as an important factor influencing their actions, as pointed out in earlier sections of the chapter (see, esp. Pinkse & Kolk 2009). Thus, the appropriate behavior of business actors has also changed. Now using positive messages together with the opportunity framing is considered as the right way to stake out ground in the climate policy discourse and to maintain actors' reputation in the debate.

Traditionally, Finland has been a corporatist system, much like Germany, in which policies have been agreed on in the tripartite negotiations between government, industry and employee organizations or committees that included all relevant interest groups (see, e.g., Meckling 2011, 119; Ruostetsaari 2010, 246-248). The previous culture of influencing decision-making through networks and elite structures has lost at least some of its standing as the membership in the EU has created a need to change old and learn new advocacy practices. Nevertheless, it would false to claim that it is not important of whom one represents and behalf of whom one speaks. In a political community, the preferences and interests of people are based on images and loyalties, as the people are connected through social groups, emotional bonds, and traditions. Hence, the way the choices are presented and by whom has importance on people's interests and preferences. (Stone 2012, 12.)

Coalitions between different societal actors – i.e., between interest groups and political parties – continue to influence decision-making, which can be seen in various policy decisions that are made depending on which political parties are in the government at the time. The decision-making practices (culture) and the structure of the Finnish economy and the political map still very much define who gets more access to the decision-making, and many of the policies and regulations are created in coordination with important stakeholders in the society (Ruostetsaari 2010, 247). Due to the EU membership, both business actors, as well as governmental actors, have needed to learn how to advocate their interests in the EU arenas. Various studies, opinions, and government strategies have been written about the need to enhance lobbying practices and expertise in negotiating the interests of Finnish actors in the EU politics (see, e.g., Herlin 2007; Hyvärinen 2008, 2009; Hyvärinen & Raunio 2016; Valtioneuvoston EU-sihteeristö 2012).

For business actors the "new" era of EU membership and globalization, using only structural power in their political advocacy has become inappropriate and ineffective, whereas the use of discursive power has increased, as the emphasis of the interviewees on the *using positive messages* discursive practice indicates. Discursive power works through shaping norms and ideas in political processes, in which different actors engage in discursive contests over frames of policies. The actors attempt to categorize problems by linking them to specific norms and values and, by this categorization, to influence how the problem is dealt in a political process. (Fuchs 2007, 139.) Traditionally, the practice of the use of discursive power has been closely linked to the perceived increase in the influence of civil society actors in international relations. The research has focused on the NGOs' use of discursive power since the argumentative or ideational "capital" is usually the only capital they can use. (Fuchs 2007; Keck & Sikkink 1998; Wapner 1995.) Globalization has augmented the role of business actors in global governance and, at the same time, the role of media in influencing the public perception and political decision-making has increased. These developments have led business actors to engage increasingly in similar practices of discursive power that the NGOs commonly use. (Falkner 2008, 20; Fuchs 2007, 140).

Fuchs (2007, 139-140) has acknowledged that interest groups today spent more resources and time on defining and redefining issues from their perspective as well as in aiming to shape how decision-makers and the public perceive certain problems. Accordingly, the influence on public debate is one of the most important sources of power the interest groups now have. While business actors have resources to use for other forms of power as well, discursive power for them is the way to reinforce the

use of structural and instrumental means of influence (Falkner 2008, 20). Along with these, using more discursive than structural power links to the need for business actors' operations to be legitimate in the eyes of public and politicians. Thus, it is related to the importance of firms' reputation pointed out in Meckling's (2015, 22) analysis of central issues affecting the perceived regulatory pressure.

What business actors have learned is that taking a hedging response strategy towards regulatory initiatives is more influential than opposing everything or only pointing out the mistakes of policymakers. Instead of merely rejecting proposals, business actors aim to steer the debate through positive messages and visions of a brighter future made possible by their operations. A representative of a firm acknowledged that with a positive message, such as promoting a technological solution for decision-makers, a lobbyist gets better reception than if he would only tell them what they are doing wrong, which *no one wants to hear*. Business actors, thus, need to understand the development of the norms and what is perceived as appropriate behavior at any given time, as well as to adopt the most effective response strategy. An industry federation representative described this well in an interview, where the opportunity framing is referred as part of the *appropriate* way of thinking about the issue:

> Since change is inevitable, we need to think how we make this change an opportunity. This idea has very much guided our advocacy last few years… we have made our vision, and we believe that it is possible to do this either smartly or foolishly and we want to do it smartly… Then, we have positioned ourselves in an entirely new way so that we have determinedly left the word "no" out of these climate issues. We are not giving a message saying "not this", but how it is done and what kind of future we want to make… So, this has turned away from slowing down [the process] towards what can be achieved by advocacy, which is to push the issue a little bit towards the direction that it would take the track, which we think is better than some other track. This has been a significant change during last four, five years.[91]

The interview quote clearly indicates that business actors have changed their practice from only aiming to slow down the pace of the transition towards aiming to

[91] "Koska muutos on välttämätön, meidän on pohdittava, että miten siitä muutoksesta saadaan mahdollisuus. Se on ohjannut tässä viimeiset vuodet meidän edunvalvontaa kyllä hyvin paljon, että me lähdetään… että me on tehty se oma visio ja me uskotaan, että on mahdollista tehdä tämä tyhmemmin tai fiksummin, tehdään tämä nyt sitten fiksusti … Sitten me ollaan asemoiduttu tietyllä tavalla ihan uudestaan, että ollaan määrätietoisesti jätetty 'ei'-sana pois näistä ilmastoasioista. Meiltä ei lähde sellainen viesti, että 'ei tätä', vaan että miten se tehdään, minkälainen tulevaisuus me halutaan tehdä… Eli tämä on kääntynyt siitä jarrutuksesta siihen mitä edunvalvonnalla voidaankin ihan oikeasti saavuttaa, eli sysiä sitä asiaa pikkuisen siihen suuntaan, että se menee sille raiteelle mikä meidän mielestä on parempi kuin joku toinen raide. Tämä on ollut hyvin merkittävä muutos viimeisten neljän, viiden vuoden aikana." (Representative of an industry federation)

change the direction the transition is taking. Framing climate change as a business opportunity becomes an important part of the problem characterization as business actors aim to advocate their version of the problem definition and solutions to it.

Giving a positive vision to policy-makers is not always an easy task and means that business actors also need to think in a more future-oriented way and in this, the practice of scenario work in strategy work is the tool for business actors. This was emphasized in several interviews with both firm and industry federation representatives. Strategically, it is wiser to prepare for the change in time, because the longer a business actor disregards the change, the shorter is the time to adapt once a new regulation comes into force. Planning for the aims and goals of the organization and constructing the advocacy plan according to those objectives, and what is deemed "possible", not only helps the actors to think several steps ahead but also helps them to influence more the actual outcome of the process with their views and opinions. Concretely, this means influencing the choices of policy instruments and design, which helps to hedge against compliance costs. (Meckling 2015, 29.)

A contrary position, neglecting the change and working against it might work for a while, if the actor is a big enough player, such as the fossil fuel industry in climate and energy policy (see, e.g., Levy & Newell 2005, Meckling 2011). However, for a small player, like a Finnish firm in international or the EU regulatory issue, being trapped in the contrary position for too long is not a valid strategy. A business actor usually does not get enough advantage through a powerful structural dimension and, hence, needs to prepare different kinds of response strategies. For a business actor to be able to define and present its own vision early enough, as well as implement some voluntary initiatives before public regulation takes place, can have a significant impact on the outcome of the policy process in question. At least it will help the business actor in question to adapt more quickly to the changing situation because the adaptation started earlier and the business actor had more time to prepare for it.

5.3.5 Discursive Practices at the Heart of the Hedging Response Strategy

Section 5.3 has pointed out three main discursive practices Finnish business actors use to steer the debate in climate politics towards the direction they prefer. These include using the concepts of the dominant climate discourse as parts of their own storylines, framing themselves as the solution providers for the climate problem, and using positive messages and visions in their advocacy instead of saying no to all regulatory initiatives. All of these discursive practices have linkages to the response

strategy that Meckling (2015) calls "hedging", i.e. risk management strategy. Through these discursive practices, Finnish business actors aim to build their legitimacy as actors in climate politics and protect their business cases from adversary regulation by emphasizing the positive sides of their activities.

Section 5.4 moves to the actual practices Finnish business actors use to engage in the policy-making. The discursive practices that have been introduced in this section are among the key messages that Finnish business actors have aimed to communicate but also to use as their justification for participating in the policy-making through the participation practices that are investigated in the following section.

5.4 Appropriate Behavior in Finnish Climate Politics and Participation Practices of Business Actors

5.4.1 Business Actors' Participation Practices in Climate Politics

Categories of Practices

The section investigates the actual practices Finnish business actors are using to engage in and respond to climate politics. "Practice" here refers to the participation practices that are beyond discursive practices described in section 5.3. Finnish business actors use the discursive practices to legitimate and support the participation practices. The analysis divided the participation practices into two categories: The first includes different voluntary initiatives, memberships in various associations, and firm-level commitments (Pinkse & Kolk 2009, 42). The second category consists of those practices through which business actors directly engage in official policy-making processes. From the Finnish business actors in the study's sample, only the firms belong to the first category of practices, as one of the practices is their membership in an industry federation. The second category of practices covers both the firms and industry federations. Various scholars have investigated the practices of the first category and mainly focused on the MNCs and other large business actors (see, e.g., Cutler 2002; Hoffmann 2011; Falkner 2008; Fuchs 2007; Levy & Kolk 2002; Levy & Newell 2005; Pattberg 2005; Pinkse & Kolk 2009, among many others). In addition, there are some studies about the stakeholder engagement in Finnish politics. However, these studies in political science and Law focus more on the development of the legislative processes and deliberative democracy (see, e.g., Hyvärinen 2008; Kaunisvaara 2016; Keränen 2014; Pakarinen 2011; Tala, Rantala & Pakarinen 2011; Vesa & Kantola 2016). Thus far, scholars have not been particularly interested in conducting studies on business actors' participation in Finland.

Whereas the categories here focus on investigating the practices of engaging and responding to climate policies and governance, Clapp and Meckling (2013) have identified different routes for business actors to influence on global environmental policy and governance. These involve "direct lobbying at both national and international levels, market influence given their ability to move capital across borders and control technology research and development, participation in rule-setting schemes of various types, and framing issues that shape broader

understandings of environmental problems and their solutions." (p. 298.) The overlap of these influencing practices with the participation practices is evident. Lobbying and participation in rule-setting schemes are overlapping with the practices of engaging in climate politics, whereas the framing issues were already discussed in Section 5.3 about business actors' discursive practices. This analysis did not touched much upon the topic of the market influence, which however comes through in the identity constitution of business actors as the experts of economic and technical issues. Overall, the analysis was not concentrating on the actual business-making practices. Hence, it is not possible here to consider the actual climate friendliness of the activities of business actors in the sample.

Initiatives, Memberships in Associations, and Firm-level Commitments

In 2012 when the research interviews were conducted, the firms in study's sample were members of various sustainability associations and took part in voluntary initiatives that had climate-related targets. They also had firm-level targets for their GHG emissions or energy efficiency improvements. The most common type of the first category practices was the firms' membership in the industry federations both on the domestic level in the countries of operation, as well as at the EU level. The role of the membership in an industry federation covers all relevant policy-making areas the firms themselves do not have possibilities to engage in but are interested in following. The energy and climate policies frequently fall into the category of these kinds of policy areas. Many of the firms emphasized active engagement in the industry federation's work through memberships in committee work and representing the federation in international meetings.

The firms' participation in voluntary initiatives became evident in their memberships in particular sustainability-related business organizations, partnerships, initiatives, or indexes. For example, all the firms reported to the Carbon Disclosure Project (CDP). Fortum, Nokia, Stora Enso and UPM-Kymmene either were or had been members in the WBCSD (WBCSD 2006c, 64). Fortum, Nokia, and UPM-Kymmene were members in the UN Global Compact *Caring for Climate* initiative (UN Global Compact n.d), and Stora Enso and Wärtsilä in the UN Global Compact Nordic Network (Stora Enso 2011, 11; Wärtsilä 2011). Examples of the industry-specific climate-related initiatives were Nokia's involvement in Digital Energy Solution Campaign (DESC), and Global e-Sustainability Initiative (GeSI) (Nokia

2011, 64) [92], as well as Wärtsilä's membership in the World Bank-led Global Gas Flaring Reduction organization (Wärtsilä 2011). Listings in various sustainability indexes were also popular among the firms. For example, Dow Sustainability Index, Nordic Carbon Leadership Index, and Ethibel Sustainability Indices were among the popular sustainability indexes the firms had been listed on (Fortum 2011; Ruukki 2011; Neste Oil 2011). Examples of the engagement in the voluntary initiatives also include the carbon funds under the Kyoto Protocol's CDM mechanisms, through which some of the most energy-intensive firms, such as Rautaruukki and Fortum were managing their emission trading risks (Ruukki 2011, Fortum 2011). The reporting tools of the Global Reporting Initiative (GRI) and the GHG Protocol were used in some level among all the firms in the study's sample.

All this activity and engagement in various global, regional, or industry-specific voluntary initiatives "is part of a broader trend where companies are not only following laws and regulations set by governments or international organisations but have also started to create their own rules and norms with regard to global environmental issues" (Pinkse & Kolk 2009, 41; see also Pattberg 2005). These are elements of what Clapp and Meckling (2013, 298) categorize as rule-setting schemes. The large Finnish firms, thus, take actively part in the global trend that the scholars of global environmental governance consider to be portraying the change in governance patterns towards more cooperative approach between different societal actors (Pinkse & Kolk 2009, 41-42), but also towards more fragmented forms of climate governance (e.g., Biermann, Pattberg, van Asselt & Zelli 2009; Palmujoki 2011). According to the interviews, the firms actively use the voluntary initiatives and partnerships as practices of their political response strategies in climate politics. The role of the initiatives and partnerships is to learn from peers and to get knowledge about the regulation and best practices. A reputational role was not directly acknowledged but plays an important part according to Pinkse and Kolk (2009, 55), who list learning new skills, obtaining tacit knowledge, and reputational resources from the partnering NGOs among the strategic motives the firms have in participating different partnerships and voluntary initiatives. Pinkse and Kolk also point out the complex nature of sustainability issues and the difficulty of a single firm or industry sector to find the solutions to the problems on their own. At the same time, Pinkse and Kolk also question if this is the sole or even the main purpose for firms to engage in partnerships. (Ibid.)

[92] DESC promots the use of ICT to address climate change in energy security. GeSI promotes sustainability in the ICT-sector.

Pinkse and Kolk (2009, 42) consider the voluntary agreements between business and government different from multistakeholder partnerships, even though they can share similarities. In the Finnish context, the voluntary agreement on energy efficiency between the government and industry federations – in which firms have been invited to participate – has been a major success story that was mentioned almost all business participants and some of the ministry officials as well. Finland has used the voluntary agreement program as part of its implementation of the EU Energy Efficiency Directive (EED) (Energy Efficiency Agreements, n.d). The voluntary agreement program dates back to the 1990s and during its second period 2008–2016 the efficiency improvement target in the agreement was 9 percent for the actors not involved in the EU ETS (Motiva 2008). A common feature in the voluntary agreements between business and government is the government's aim to motivate firms to engage in the agreement (Pinkse & Kolk 2009, 42). In Finland, the government has provided financial support for energy efficiency audits as well as for the efficiency improvements (Motiva 2016) to make the participation in the agreement more attractive. In addition, Pinkse and Kolk list relieve from regulation, increased flexibility in the compliance, public recognition and influence on targets and implementation of regulation among the benefits that business actors get from involvement in the voluntary agreements with the government (2009, 44). For the government, the benefits include not only the involvement of the industries but also it can be "a flexible, cost-effective way to reach environmental goals that makes use of specific knowledge of companies" (ibid). Thus, the government policies can harness the expertise of business actors through the voluntary agreements.

Participation in the Policy-making Processes

The second category involves practices considered to be more traditional business advocacy and fall into the category what the Clapp and Meckling (2013, 298) list as lobbying. In general, Finnish business actors conclude that their advocacy work in climate politics does not differ much from their other lobbying activities of meeting politicians, government officials, and other stakeholders depending on the issue area. According to the interviewees, in Finland firms are usually more interested of particular policies, laws and legislative processes that can have a direct effect on their business case, whereas the industry federations are more involved in broader legislative and strategy processes as well as in the writing of the government programmes. At the time of the study, the government programmes had grown ever

more detailed and inclusive and outlined already many of the leading projects of the government term (see Pakarinen 2011, 46-7, Valtioneuvosto n.d.c). Evidently, the industry federations are involved when a specific regulation concerning their sector is being decided, although participation in larger policy processes is their particular role in advocacy.

More than lobbying for particular climate policy, Finnish business actors typically aim to progress their firm's or industry sector's special interests related to climate and energy policy questions. The level of activity of a specific business actor in climate policy questions depends also considerably on how much influence they believe the policy would have on their operations. Meckling (2015) refers to this by the concept of the perceived regulatory pressure. A couple of the firms in the study's sample were hesitant to give an interview in first place given that they do not consider climate change as a big policy question for them. However, even those more hesitant in the beginning, admitted in the interview that climate politics and issues of climate change have been present also in their strategy work, and they have been preparing climate policy strategies for the firm, even if just to make it easier for the firm representatives to communicate on the topic when asked.

In particular, the interviewees mentioned the heightened need for the firm representatives to be able to answer about their climate policy positions and possible mitigation activities, which rose during the peak years of climate politics in 2006-2009. The response strategy these hesitant firms have adopted is predominantly non-participation in climate policies, as they currently are not crucial for their business case. However, as was pointed out in the interviews, regardless of their "outsider status" in the issue of climate change, they had received various inquiries about their positions on the subject. It shows that the overall regulatory pressure in climate politics is high in Finland, as well as the prevalence of the norm of taking climate change seriously.

A hedging strategy as a political response to a regulatory initiative usually means that business actors need to aim to influence the decision-makers to make the proposal favorable for their interests – or even to protect their license to operate. The question about the practices business actors use to engage in policy-making processes with government officials and politicians were asked from all interviewees. It became clear that both the needs and practices vary depending on if it was a firm's or an industry federation's representative whose engagement in a policy process was in question. One of the common influencing practices in climate policy-making was the meetings and discussions with national public officials in relevant Ministries. Although the EU level is the most important in formulating the primary rules in

regulatory initiatives, the domestic political level is often seen as the stepping-stone for influence. The implementation of the EU regulation is still decided on the national level, and the national ministry officials and politicians are engaged in negotiations at the EU level decision-making.

Most previous research about business actors' influencing strategies in political processes, including climate policy, shows that business actors at a firm level have better access to the domestic level policy processes due to their direct influence over the domestic economic issues. Thus, they usually prefer doing their advocacy on a national level and instead leave the international advocacy more to the business associations and industry federations who have more resources and expertise for lobbying on those levels. (See, e.g., Levy & Egan 1998, 338-339.) There are, however, cases, also indicated in the research interviews, in which large business actors have directly gone to the international arenas to create coalitions with foreign states or international organizations as well as with global or regional interest groups to influence decision-making in both international and domestic level (see also Meckling 2011, 130). In line with this, some of the largest firms in the study's sample that are deeply involved in international trade and global competition, pointed out that for them only rarely something interesting happens in domestic politics, as most of the regulation for them come directly from the EU or from other states' legislation where they operate. Hence, more than domestic policies, they need to pay attention to the EU level decision-making, which they aim to influence directly already in the early phases.[93] However, if the EU policy process is not progressing along with their interests, they can also get involved in influencing the national EU negotiation positions.[94] Large business actors are also interested in exporting domestic (and the EU) regulation to other countries and regions, as they already need to comply with it. Thus, the playing field would become more level if also their competitors would have the same rules and they would have the first mover advantage. (Falkner 2013, 256.)

According to a firm representative, their practice in following legislative processes is to have one employee at the corporation level to keep an eye on new legislative initiatives, which might affect firm's operations. Usually, three to five of the initiatives are taken into closer inspection to find out where their process is heading and if the industry federations are already operating on the issue. If the EK is not able to act on the issue, as its members include both energy producers and large

[93] Representatives of three firms.

[94] Representative of a ministry and a firm.

energy consumers, then the influence route goes through other advocacy organizations the firm is a member of. Usually at least one of these is in the ministerial working group preparing the legislation, and sometimes the firm itself might be representing the organization. However, if this approach does not work either, if the issue is difficult, or the case is conflictual with other firms or industries, the firm aims to influence through direct actions and networks such as through meetings with ministry officials or ministers. The description reveals at least three engaging practices of a firm: (1) (active) membership in an industry federation; (2) participation in ministerial working group preparing for legislation or strategies; and (3) direct influence through meetings with officials and politicians. In the following interview quote, a ministry official further describes these and also illustrates other engagement practices of business actors:

> [Business actors] are in our different legislative … background groups… and then there are…requests for comments [on proposals], and they [business actors] are [represented] in these different EU decision-making sub-committees, and… when we are preparing a strategy, there are different consultations… the industry federations are directly influencing the government and ministers and, of course, the parliament. But, yes, they are involved in different [preparatory] bodies… however, like said, its hearing or consultation and then, in the end, it is up to the ministers to decide the outcome, as the interests are conflicting. This is usually how it goes... However, of course, we also work directly with the companies when there is something concrete concerning them. In these cases we, for example, provide them all the papers and if they have some relevant viewpoints we then try to take into account all that is reasonable, as long as it is not like, 'ok, let's resign from emissions trading system' or 'there cannot be any cost burdens', as those are not realism. So, yes, we at least try to take into account these practical viewpoints and listen and understand what it is about.[95]

The quotation lists at least six different practices. These can be divided into official and unofficial activities. In the official activities, business actors are engaged

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[95] "[Liike-elämän toimijat] on meidän erilaisissa laki-… taustaryhmissä… ja sitten on tottakai lausuntopyyntöjä ja ne on… EU-päätöksenteossa tietysti edustettuina erilaisissa jaostoissa ja… kun jotain strategiaa valmistellaan niin erilaisia kuulemistilaisuuksia ja muuta … Ja sitten tottakai järjestöthän vaikuttaa suoraan hallitukseen ja ministereihin ja tottakai eduskuntaan. Mutta kyllähän ne erilaisissa [valmistelu]elimissä on, että on… mutta kuten sanottu, se on kuulemista ja se jää sitten loppujen lopuksi… ministereitten linjattavaksi, koska intressit on ristiriitaisia. Että näinhän se useimmiten kuitenkin menee. Mutta me kyllä sitten… toimitaan ihan suoraan yritysten kanssakin, silloin kun niitä on konkreettisesti heitä kuulevaa niin kyllä me esimerkiksi toimitetaan heille kaikki paperit ja jos heillä on sellaisia relevantteja näkökulmia, niin kyllä me yritetään kaikki sellainen järkevä ottaa huomioon, niin kauan kuin se ei ole sitä, että ok, erotaan päästökaupasta ja mitään kustannusrasitetta ei voi tulla, koska se ei ole taas realismia. Että kyllä me ainakin yritetään nämä kaikki käytännön näkökulmat kuunnella ja ymmärtää mistä on kyse." (Representative of a ministry.)

in legislative processes through (1) a membership in preparatory working groups of legislation, or in EU affairs through (2) a membership in the extended composition of the sub-committees of the Committee for EU Affairs (see Valtioneuvosto n.d.a). (3) The officials can also request business actors' comments in legislative processes or (4) invite business actors into consultations/hearings in strategy preparation processes. The unofficial activities of business actors include (1) having direct contacts or relations with politicians or (2) having direct contacts with government officials. As a third category, also the use of publicity through media outlets can work for business actors as a way to engage in an important debate for them. The new social media outlets have emphasized the meaning of this form of influence, also for business actors. (Kerkkänen 2010, chapter 6; Vesa & Kantola 2016, 70; see also Ruostetsaari 2010, 220-221.)

Working Together – the Meaning of Business Actors' Participation Practices

Various interviewees mentioned the practice of including business actors, mostly representatives from relevant industry federations, but some cases also from large firms, in the official preparatory working groups. Some considered this practice to be a rare case even in the European level, while other firm representatives noted that working groups and hearings are more common in Anglo-Saxon political cultures than in ours. Various scholars in both political science and Law, who recently have published studies on the interaction and engaging of stakeholders in legislative processes in Finland (e.g., Kaunisvaara 2016; Keränen 2014; Pakarinen 2011; Tala, Rantala & Pakarinen 2011), have pointed out that participating in preparatory working groups is the most important official route for stakeholders to influence the decision-making process. The preparatory working groups are the places to debate and agree about details in the legislative preparatory processes. However, the secretariat of the working group and officials who are responsible for the legislative process, do have power over the outcomes more than the working group as a whole (ibid). Working groups and various consultations with stakeholders are usually utilized in larger legislative processes where the need to engage large groups in the preparatory process is identified (Kaunisvaara 2016, 107). According to Kaunisvaara, in legislative processes that involve conflicting interests, using working groups can be inefficient from the official's point of view as the conflicting interests in the working group can make it difficult to go forward constructively. In addition, if the working group is too broad, it can slow down or make the preparatory work

inflexible. (Ibid, 85.) Working groups are, however, used quite widely in legislative processes, especially when there is a need for a broad knowledge base as well as acceptance of the legislation (Kaunisvaara 2016, 84).

Overall, the studies conclude that the official processes of engaging and consulting stakeholders in legislative processes increases the societal acceptance of new legislation and commits the stakeholders into implementing it. It also provides the drafter of the legislation valuable knowledge about the implications that the new legislation would have on stakeholders and their activities. (Kaunisvaara 2016, 122; Keränen 2014, 78-80; Pakarinen 2011 13, 42.) This is in line with the findings of this study about the practice of working groups and their meaning for officials on the one hand and business actors on the other. The meaning varies depending on the actor: E.g., for business actors, the official working groups represent a place where they can influence the decision-making, get their views heard, and increase the understanding among other actors about their views on the issue. For officials, the meaning of the working group is to gain expertise from different actors on the issue and to understand the different viewpoints, as well as the outcomes of the regulation, which depend on its formulation. Officials' aim is also to gain approval for the planned regulation in beforehand and avoid critical public debate afterwards. The meaning of the working group can also be to integrate different stakeholders into the decision-making process, discuss and find common understanding and positions about the issue at stake.

From the firm perspective, the working group practice was indicated an inclusive and very 'Finnish' way of cooperating with stakeholders in legislative processes. An interviewee described the working group practice in the following way:

> Finland is, of course, a good example of how this kind of cooperation between different actors is working… In Finland, there has been a practice that here officials, business actors, NGOs, in fact, all relevant actors can discuss matters around the same table, and often [actors] are included in the preparation. We have had quite a many of these broad-based working groups that have prepared some issues, and it has been a very good practice to include all central actors into the process, and it makes it possible to discuss the issue through all the way from the beginning. This is not at all a common in other countries to have this kind of practice. One does not have to go further than Sweden, where the situation is quite different; the policy-preparation is not as open and inclusive as we have. So with us, it works very well, and they listen to different actors and take the views into account.[96]

[96] "Suomihan on tietysti kyllä ihan hyvä esimerkki siitä, että miten tällainen eri tahojen yhteistyö toimii… Suomessa on ollut sellainen käytäntö, että täällä virkamiehet, elinkeinoelämä, NGOt, oikeastaan kaikki relevantit tahot pystyvät keskustelemaan asioista saman pöydän äärellä, ja useinkin siihen valmisteluun otetaan mukaan. Meillä on ollut aika paljon tällaisia laajapohjaisia työryhmiä, joissa

This quote is in line with many of the interviews. It seems that business actors regard this practice useful for them to have an influence on the outcomes of the regulatory processes. The practice has its predecessors in the Finnish history of environmental policy-making, as pointed out in Chapter 4.7. However, Teräväinen (2012, 118) has drawn attention to the issue that "this broad inclusion has tended to limit opportunities for challengers and to narrow space for more critical activities outside and beyond the state." Thus, the practice of engaging stakeholders into formal policy preparation procedures has played a part in legitimating policy decisions, although it has not necessarily guaranteed influence over the outcomes of negotiations (ibid). For the policy-makers, the working groups represent an opportunity to avoid critic towards planned policies afterwards, as the difficult issues are dealt already in the working group. The practice works nicely in the consensus seeking atmosphere of the Finnish policy-making. Occasionally, the Finnish political debate is accused to be even too consensus seeking, as the public debate works toward a "correct" stance and the Finns do not deal well with disagreement or largely differing viewpoints. Using working groups in preparatory policy processes is a successor of an old policy preparing practice of the committee work that was given up already in the 1990s, as it was seen too slow and often confrontational in finalizing the large regulatory processes. The committees used to include representatives from all key stakeholder groups and were a common preparatory practice in a corporatist society like Finland. (Ruostetsaari 2010, 222; Teräväinen 2012, 45.)

The practice of using discussion forums and seminars in policy-making processes also has different meanings to the participants. In general, the practice aims to integrate different stakeholders into policy-making process, increase the understanding of the different viewpoints about the issue and to increase the approval of the policy issue, policy measures, or future decisions. Government officials could aim to involve or hear the stakeholders formally as well as take advantage of their expertise on the issue. For business actors, the meaning of the practice is to get information and influence the process by bringing their viewpoints and expertise into the discussion. Also networking and demonstrating an interest in the issue might be among the meanings of the practice for some actors. In the interviews, the representatives of business actors saw the meaning of hearings as well

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on valmisteltu joitakin asioita, että se on erittäin hyvä kyllä ollut tällainen käytäntö ja tapa, että saadaan ne kaikki keskeiset tahot siihen mukaan ja saadaan sillä tavoin heti alusta saakka sitä asiaa keskusteltua ja käytyä läpi. Tämä ei ole niin ollenkaan itsestään selvää muissa maissa, että tämmöinen käytäntö on olemassa. Ei tarvitse mennä kuin Ruotsiin niin on tilanne aika toisentyyppinen, että ei se ole näin avointa se valmistelu ja näin osallistavaa kuin täällä meillä. Että meillä se toimii kyllä hirveän hyvin ja siellä kuunnellaan eri tahoja ja otetaan huomioon sitä näkemystä." (Representative of a firm.)

as consultations less important in contrast to the working groups or unofficial contacts. A reason for this might be that the practice of hearing is commonly considered as a more of an act of information sharing than actual debate with actual consequences. Usually, the counterparts are already aware of the messages that the other part is going to give in these occasions and the situation feeds opposing sides and confrontation instead of constructive debate and new initiatives. These performance-like situations can be frustrating for all participants and deteriorate the status of hearings as productive part of policy preparation process.

Since not all actors have access to working groups or the working groups do not necessarily accommodate all the opinions of the participants, the other important point of engagement is through direct access to politicians, usually ministers, other key-politicians, or the government officials preparing the policies. Whereas the working groups are part of the official process, the direct access to policy-makers is in the realm of unofficial practices of engagement in the policy process. While for a business actor the meaning and aim of this practice is bring their perspective to the politicians' awareness, the meaning for a politician is to gain knowledge and to network with important actors, or perhaps gain support in coming elections.

5.4.2 Building the Expert-Partner Identity of the Finnish Business Actors: Appropriate Behavior in the Finnish Climate Politics

Building the Expert-Partner Identity and Community of Practice in Climate Politics

In section 5.4.1, the quote of the ministry official listing the different participation practices of business actors also points out some interesting details about the expert-partner identity that business actors aim to build in climate politics. The first one is the way the ministry official indicates what kind of positions from business actors are taken into account. The official refers to certain business actors' positions with words like "realistic", "reasonable", "practical" and "relevant". Thus, as long as the positions from business actors are "realistic" or "reasonable", officials take account their "practical" and "relevant" viewpoints and even try to help business actors by providing them "all the papers" if there is something "concrete concerning them". This indicates close relations between business actors and officials as long as business actors are showing certain "realism" is about what the officials are and are

not able to do.[97] Thus, business actors with "realistic" approach can be taken as partners in the policy preparation. The "realism" can be read as pointing to the response strategies of business actors: opposition would be an unrealistic response strategy from the ministry official's point of view, if the business actor wants to build its identity as a partner of governmental actors.

Secondly, the quote also represents business actors as experts in their field, which links "realism" to the expert identity of the actors: business actors as experts of technology and governmental actors as the experts of regulation and policies. Whereas the government official describes their role as the experts of what is "realistic" from the regulatory point of view, Finnish business actors in the study's sample point out that they inform the decision-makers what is "realistic" from technological and economic perspective.[98] In both cases, the actors on the other side are considered to be able to have "unrealistic expectations" that need to be taken down, as they are not the *experts* of the other actors' issues.

Certain "realism", i.e., a common understanding of the topic, is seen as part of the appropriate behavior of both business and governmental actors, which then together can form a community of practice in preparing the climate policies. As pointed out in Chapter 2, the community of practice "constitutes like-mindedness and shared practices, which express the knowledge developed, shared and maintained by the community" (Adler & Pouliot 2011b, 16-17). Belonging to the same community of practice emphasizes the partner identity of business actors and creates the idea of equality between business and governmental actors in policy preparation processes.

Close relations with business actors help government officials in their regulation work, as pointed out in the discussion about the voluntary agreements between the business and the government. By participating in the policy-making, business actors aim to bring their knowledge to the officials and politicians preparing the policies:

> In practice, often, if commenting as an engineer, the knowledge in use in policy preparation is unfortunately insufficient. Moreover, it is understandable that they do not have all the information at their hands and I think it is good that they hear different stakeholders.[99]

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[97] E.g. demands like "no cost burdens" or resigning from an EU system would be unrealistic.

[98] Representatives of two firms and three industry federations.

[99] "Käytännössä monesti tälleen insinöörinä, kun kommentoi sitä, niin ne tiedot, millä valmistellaan asioita on valitettavan vaillinaiset. Ja se on ymmärrettävää, että ei ole kaikkea tietoa käsissään, ja musta on ihan hyvä, että kuunnellaan eri osapuolia." (Representative of a firm.)

As pointed out earlier, legitimacy is a significant source of influence in policy-making and building good relations with governmental actors is an essential part of it (Meckling 2011, 128-130). Cooperative attitude and credible message make a big part of building good relations (ibid), which also the Finnish business actors emphasized in the interviews. According to them, trust-building and fact-based argumentation are in a key role in their political advocacy. However, giving positive messages does not mean agreeing with all proposals. Instead, it means that a skilled lobbyist is never just saying "no" to a policy proposal but is always giving a justified opinion from her point of view, which is based on "facts", such as rates or calculations and descriptions what are the "factual" consequences of the policy proposal.[100] For the business actor, the most important information the decision-makers need are (1) the costs coming to the business actor from the new legislation or initiative if implemented like currently planned and (2) suggestion of a revision or another kind (cheaper) solution. Accordingly, it is necessary for the industry or firm to not only categorically oppose everything new but to provide (often numerical) facts about the effects that the initiative would have on them and then suggest some other (win-win) solution that would work better for them but would also fulfill the aims of the legislator. This lobbying practice was pointed out in several interviews. Particularly important, according to interviewees, is that the facts are correct in a sense that they could happen. Although the future can never be predicted precisely, a skilled lobbyist can produce plausible scenarios of what would probably happen if certain policy decisions were taken. It is also linked to the discursive strategy pointed out in the earlier section about using positive instead of negative approach in lobbying, i.e., in this case presenting another option instead of just refusing to accept the proposed policies.

> Description of the work is not that we say that this is not acceptable. Nobody wants to be near those kinds of guys [who always say no]. One has to justify one's opinion and put some rates and calculations on the table to show why something that, at first glance, seems to be a good idea can create problems and chain reactions somewhere else.[101]

Expertise – and expert identity – in technological and economic matters is a powerful resource for business actors, and they do not hesitate to use it in political

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[100] Representatives of a firm and an industry federation.

[101] "Työtä ei kuvaa se, että me sanotaan, että tämä ei käy, ei sellaisia kavereita kukaan lähelleen halua, [jotka aina sanoo ei]. Että kyllä pitää perustella ja lyödä jotain laskelmia ja lukuja pöytään, että minkä takia joku asia, joka äkkiseltään kuulostaa hyvältä, niin voikin aiheuttaa ongelmia ketjureaktiona, jossain muualla." (Representative of an industry federation)

advocacy. Since it is impossible for governmental actors to stay informed about all technological development or the financial situation of companies, they are increasingly dependent on business lobbyists for the information in decision-making. This dependency makes policy-makers keener to listen to the business lobbyists, and it has granted business actors more access to policy-making, although, this does not straightforwardly mean more influence. (Fuchs 2007, 72-80.) Technological expertise of business actors can give them a privileged position in shaping regulatory discourse (Falkner 2008, 30). According to an interviewee, policy-makers might have unrealistic expectations concerning technological development, and it is the role of business actors to tell what is possible now: "and it is in the firms where they know better than in anywhere else, what is possible."[102] Again, as politics is about the struggle over meaning, the one who gets to say what is possible or impossible has a lot of influence in the policy-making process. It is the responsibility of the government officials to make sure that the information business actors are giving is accurate, which usually means they have to listen to several actors to get the overall picture.

> Public officials are listening [to us] when they want rather deep expertise, and then they will make their proposals based on the expertise. So, the discussion is quite interactive and quite fact-based. In a way, it is quite far from being "cheap-jacks".[103]

Another kind of expertise the business has is the economic one. This relates especially to the importance of economic growth in the current economic system and to the "widespread acceptance of the view that economic growth is fundamentally dependent on investment and innovation by private enterprise" (Gill & Law 1989, 480). In climate politics, the economic and technological expertise of business actors is also related to the solutions they can provide. The companies who have the expertise to produce products and services that cut emissions, but also the investments that private companies make to have climate-friendly production, matter significantly in solving of the climate change problem, as was particularly pointed out in all of the interviews of the representatives of the industry federations.

Like pointed out by Falkner (2008, 99-100), business actors can rarely be considered as homogenous group of stakeholders with uniform positions in issues

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[102] "ja kyllä se yrityksissä varmasti tiedetään paremmin kuin missään muualla, että mikä on mahdollista." (Representative of a firm)

[103] "Virkamiehet kuuntelee [meitä], kun ne haluaa aika syvälle menevää asiantuntemusta ja tekee sitten niiden perusteella ehdotuksia. Että se on sellaista vuorovaikutteista se keskustelu ja aika faktapohjaista. Että siitä on tavallaan sellainen "helppoheikkiys" aika kaukana." (Representative of an industry federation)

as complicated as climate politics can be. In addition, the fact that there is no all-encompassing fix to climate change but various competing possibilities and a need for a range different mitigation measures means that not one industry sector can be the only solution provider. One of the interviewed ministry officials explicitly mentioned industry federations of technology, energy, and forest industries as active participators in the policy preparation and important actors in giving expert assistance and comments. At the same time, the official also pointed out the occasional problem of the federations to get unified positions on issues as their membership is diverse and can have various, even conflicting interests on the issues of climate politics. From business actors' perspective, the difficulty is often related to the business conflict that arises from different interests of firms and industry sectors at issue.

Appropriate Behavior in the Finnish Climate Politics

The interviewees disclosed interesting and revealing stories about the Finnish actors in climate politics, when they were asked what kind of an actor Finland is in the international arena and what is a particular "Finnish" way of acting in policy-making processes. The practices and outcomes of the policy processes can be interpreted through the narratives the actors are telling about these issues. Although the question about the particular "Finnish" ways of doing first confused some of the interviewees, still similar issues and characteristics prevail and can be described as particular for a Finnish way of doing in (climate) politics and policy-making. The presumption behind the question in the interviews was that being a Finn, representing Finland, or a Finnish/Finland based organization could have some influence on actors' actions and perceptions about climate change politics – the question in the interviews asked them to reflect on this. The idea of the questioning was that some cultural background issues do influence the way the actors behave. Thus, the aim was to discover some of those through the interview question about the 'Finnishness'. The idea was not to compare Finland to some other country but to find out about the perception of the actors what they consider to be particularly "Finnish" in climate policy-making.

When the interviewees were asked about the benefits of specific characteristics of being *Finnish* business actors, most often they referred to low barriers between actors and easy access to decision-making. The openness of the society and transparency in the decision-making were also mentioned. Information sharing with

each other was also considered as an essential practice for a small country to succeed in influencing the EU policy-making processes. All interviewees that acknowledged the closeness regarded it as a positive side of the Finnish society and something that sets Finland apart from other countries. Sweden was typically used as a point of comparison where, according to the interviewees, the relations with government and business actors are not as open and inclusive as in Finland.[104] The comparison with Sweden was made spontaneously in several interviews when pondering about the "Finnish particularity" in a certain practice.[105]

The importance of the question about the Finnish way of doing – as irrelevant or secondary as it may sound for the interviewees in relation to the topic of the interviews – lies in that it can reveal presumptions of actors that lie behind the practices in use. It links to what the constructivist approach refers to as social facts and collective understandings of actors about the social world, in which they participate. The intersubjective beliefs held about "the way things are done in Finland" were articulated when answering that question.

The close cooperation between different actors, i.e. the partner-identity, in particular comes up in the EU policy-making and influencing the EU Commission's policy preparation processes. The smallness and closeness of the policy-making circles in the Finnish climate and energy politics were also marked out, as many of the interviewees mentioned that they meet the same people in their day-to-day meetings whenever climate and energy issues are discussed in policy preparation processes. Thus, the circles in the Finnish climate and energy policy-making remain small and somewhat closed from outsiders. An example of the closeness of the actors and the smallness of the circles becomes evident from the interview situations where it was quite common to get questions about whom I had interviewed before as well as also very personal questions about those other interviewees' news, which showed the close connection with the people in their everyday work.[106]

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[104] Representative of a firm.

[105] Various cultural and historical reasons can be thought of why the comparison is made especially with Sweden and not with any other country: such as the closeness of the Western neighbor and the shared history of earlier centuries. However, the interviewees do perhaps not know the actual situation in the Swedish policy-making and the idea of "this is different in Finland" is more of perception and has to do with explaining one's own identity in contrast to someone else.

[106] Some interviewees had been working previously for another organization also represented in the study and knew other interviewee/interviewees through that connection, but for example, one interviewee was asking personal news about another interviewee although they were not working in the same sector. This shows the low hierarchy and close relations that people in Finnish political and business elite have with each other.

The business actor interviewees also liked to point out that this interaction is everyday work for them without any fancy caterings, thus emphasized their partner-identity and equal footing with governmental actors. Some interviewees told they felt they were "in the service" of the government and not the other way around:

> [T]his work [as a lobbyist] does not differ almost at all from the work that I did when I was a government official… Today, the advocacy work is far from dark cabinets or [secret] agreements. This is about sitting in working groups and discussing different issues… In Finland, the barriers between different actors are so low… that it is fun to do this kind of advocacy work… The government officials are listening to us because they want deep expertise and then they will make their proposals based on the expertise. So, it is interactive discussions and based on facts; it is far from… being "cheap-jacks".[107]

In the quote the interviewee also, again, points out the importance of the "expertise" and "facts" provided by business actors, which form the basis for decision-making and policy-preparation. The interview quote is a good example of the identity construction of business actors who see themselves as partners of the government and experts in their field.

Teräväinen (2012, 45) has used a fourfold typology from Dryzek et al. (2003) of state orientation to describe the approach a country has to include or exclude different actors in participating and influencing public policy-making. She positions Finland as "an actively inclusive state characterized by expansive corporatism, where the traditional tripartite corporatism between the state, industry, and labour market organisations is extended towards a broad range of social interests and nongovernmental organisations" (ibid). Continuation of the national politics has been stable due to collective agreements among labor market organizations, the state, and majority coalition governments that have stayed in the office for full terms since the 1980s. The stability has also supported industry and its development. The consensus seeking and corporatist but quite open decision-making system has also been characterized by "informal communication among policymakers and indirect means for regulation." (Ibid.) My findings confirm some of Teräväinen's analysis. A frequent theme in the Finnish business actors' accounts about their advocacy work with the public officials was the easy access and low hierarchy between government

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[107] "[T]ämä ei eroa oikeastaan mitenkään mun työstä verrattuna siihen kun mä olin virkamies…nykyisin tämä edunvalvonta se on kaukana mistään hämyisistä kabineteista tai jostain [salaisista] sopimuksista. Että tämä on työryhmissä istumista ja keskustelemista eri asioista… Suomessa on niin matalat raja-aidat eri toimijoiden välillä, että…on kiva tehdä tällaista edunvalvontatyötä. Että virkamiehet kuuntelee, kun ne haluaa aika syvälle menevää asiantuntemusta ja tekee sitten niiden perusteella ehdotuksia, että se on sellaista vuorovaikutteista se keskustelu ja aika faktapohjaista, että siitä on… sellainen "helppoheikkiys" aika kaukana." (Representative of an industry federation.)

officials, politicians, and business actors. Interviewees found the close cooperation between different stakeholders to be a particularly Finnish feature when asked about the "Finnish particularities" of the climate policy-making. For various historical reasons, as already pointed out by Teräväinen (2012, 45), as well as due to the small number of people, the society in Finland is still very flat, relations with people easy, and thresholds low for actors from different organizations to discuss with each other. The Finnish business actors' identity as partners of the government in providing economical welfare and employment fits well in this picture.

Most of business actors in the study's sample also belong to the Finnish energy policy elite that Ruostetsaari has studied extensively since the 1980s. According to his studies, Fortum, Neste Oil, the Energy Industry Federation, and the EK are in the inner circle of the Finnish energy policy-making together with the government and the ministries of Employment and the Economy, of the Environment, and of Finance. In the second circle of influence are also firms from energy-intensive industry sectors, such as Stora Enso, UPM-Kymmene, and Rautaruukki. (Ruostetsaari 2010, 150-152.) Like one of the elite-members interviewed in Ruostetsaari's work points out, Finland is a small country where the same small group has been making the energy-policy decisions (ibid, 149). Belonging to the elite increases the chances for these actors to be heard in the policy preparation processes.

Some of the firms included in the study's sample are also partly state-owned.[108] Although in the interviews, the representatives of these firms did not consider the state ownership important for their positions or influence in climate politics, they are likely to represent industry sectors that are considered strategic for the Finnish welfare and, thus, are included in the decision-making elite as pointed out by Ruostetsaari's studies on energy policies. As the study focuses only on looking at large Finnish business actors, it is not possible accurately assess how either small or medium-sized business actors, or other stakeholders than business, consider their abilities to engage in climate policy-making processes. However, according to Teräväinen (2012, 46), one of the characteristics of the actively inclusive state is to encourage representation of various groups in policymaking even if it does not mean that all kinds of organizations would be invited.

[108] Finnair (55,8%), Fortum (50,8%), and Neste Oil (50,1%) are majority-owned by the state and the ownership is steered from the Prime Minister's Office (Valtioneuvoston kanslia 2013, 17-18). Rautaruukki (39,7%) and Stora Enso (12,3%) are minority-owned and their state ownership is steered from the Solidium, a holding company wholly owned by the State of Finland. (Solidium n.d; Solidium 2012, 26)

Whereas the close relations between different actors – especially business and government – is the first particularity of the Finnish way of doing climate politics, the other one is more related to the appropriate behavior of the Finnish actors. This comes up when the interviewees get to answer what kind of actors Finns consider themselves to be. However, more than something that the actors are, I consider these answers to tell about how they consider that they *should be*, thus, what is *appropriate behavior* for them. The interviewees consider Finnish actors to be serious, fact-based, rational, as well as responsible actors who in international negotiations take the issues on the agenda seriously and base their views on "facts" and "knowledge". Finnish climate policy-making is described being "rational" and "sensible" instead of "ideological" or "political", which some interviewees used to describe international debates and decision-making processes in climate politics. "Rational" and "sensible" seem to refer especially to an "engineer approach", in which technical and economic issues such as efficiency are considered to be the "rational" way to react on the problem of climate change. The common understanding seems to be that Finns are not aiming for special treatment or easy gains but only want to be treated "fairly" in the international negotiations.

Rationality and modesty come up in both government officials' and business actors' interviews. Both also consider Finns to be responsible actors. Responsible behavior is related to the aim of achieving the approval from the society for the operations of both business and policymakers. Approval from the society is essential, and a reason for doing the lobbying for business actors in the first place. Their main aim in engaging in the policy processes is to get the *license to operate*, which comes from societal approval. Societal approval, in turn, depends upon the existing – and changing – norms in the surrounding society. By telling stories on what their operations can deliver to the society, Finnish business actors aim to influence on the norms and gain the approval for their operation. In this, the current discourse on green economy and growth remain central in justifying their engagement in both climate policy-making and their current business operations.

5.5 Why is it Easier to Hedge or Not Participate than Support? Influencing the Direction of the Transition

5.5.1 Community of Practice in the Finnish Climate Politics

When starting the study, I expected to find various political response strategies and to be able to compare the approaches from different industry sectors towards climate politics. What I did find were differences between the firms' and industry federations' political response strategies as well as between the levels of engagement in climate politics of the firms. As shortly pointed out in section 5.2.2, each firm has its differing responses towards the particular pieces of regulation that have influence on their business case. It is well known (see, e.g., Johansson, Lilius, Pesonen, Rantanen & Tamminen 2007) and not surprising that an energy company, whose production is based mostly on non-fossil sources, is eager to support carbon trading. On the other hand, a firm that has energy intensive production facilities, like steel or pulp production, and already uses best available technologies, is probably not a fan of a regional carbon trading system that increases energy costs for a particular area that not all the competitors will experience. Thus, the interesting findings were not there between the firms or industry sectors but in the findings that my choice of a methodological approach of looking at discursive practices of the actors gave me. As I looked at the discursive practices of Finnish business actors, it surprised me to find out how similar the discursive practices and arguments (storylines) are. These similarities of the practices, together with the cultural insights indicated earlier about the appropriate behavior of different actors in Finnish climate politics, point towards a strong community of practice of climate policy-making in Finland, in which large business actors are involved. Thus, even when they do not agree on particular pieces of legislation, they can still use similar arguments and discursive practices to support their positions. In addition, they have been able to work together with governmental actors and build their identity as the experts and partners in climate politics, as they have been already in other important policy-fields.

According to Adler and Pouliot (2011b, 16-17), a community of practice is a collective where people function as "a community through relationships of mutual engagement." It develops, diffuses and institutionalizes practices through training and learning, and constitutes like-mindedness and shared practices, which express the knowledge developed, shared and maintained by the community. The collective continually renegotiates and develops these shared practices with a feeling of a

shared undertaking, but also sustains them through routines, appreciation, and discourse. The communities of practice are both ”intersubjective social structures”, which create an epistemic and normative field for action, and also actors, real people, who affect social, political and economic events when working through networks that cross borders of states and organizations. (Ibid.)

In the Finnish climate politics, the industry federations, as well as some of the large firms, are part of a community of practice that closely engages in the official climate policy-making. Business actors seem to be both forming their business community of practice in climate politics as well as taking part in a larger stakeholder community of practice that also involves other interest groups and civil society actors. For governmental actors, the business community of practice in climate politics is visible through the integrated and often quite superficial positions the business community is taking in certain regulatory initiatives from governmental actors. According to government officials, the positions do not seem to reflect the largely variable interests of different firms and industry sectors, as the EK usually gets to represent all sectors and is quite cautious in its positions.[109]

The outcome of a strong community of practice in the Finnish climate politics is a situation in which all the actors know the “rules of the game” and play their “appropriate role” in a performance of inclusiveness. What is missing is an open discussion of the differences in opinions and problem definitions, where common ground for new kinds of solutions could be found and interest conflicts overcome. According to Teräväinen (2012, 45) the problem of inclusiveness of the Finnish state is that it inhibits the possibilities of expressing contrasting views or alternative approaches. The situation is at times frustrating even for the ministry officials who already know in beforehand the contents and arguments in each of the stakeholder statements presented in the public hearings of stakeholders in policy processes.[110] This is why the ministry officials also highlight the value of concrete proposals and research findings the stakeholders can present for them to back up their claims and positions. These are more important than the rhetoric that is already heard on various occasions.[111]

According to a recent research report on the possibilities of an energy transition in Finland, the traditional practices of hearing stakeholders in the strategy preparation processes in Finland favor the current actors who have something to

[109] Representative of a ministry.

[110] Representatives of two ministries.

[111] Ibid.

lose in the changes of the system. These actors commonly reject taking into account transition in the strategic planning and decision-making. Instead, they favor solutions that promote the interests of traditional (energy) industries in Finland as well as immediate regional policy benefits. (Hyysalo et al. 2017, 17.) Interestingly, also the ministry official interviewees pointed out that they would like to hear more conflictual or versatile messages than the consensus that the industry federations, especially the EK were bringing to them. Thus, even when the interests of the different business actors do vary, the variation does not seem to show enough for the policymakers, who would like to have a better understanding of the picture of business actors' interests in Finland and, perhaps, find new solutions to climate problem.

5.5.2 Why a Strong Community and Not Different Response Strategies? Threat of a Business Conflict and Poor Regulation

Like Chapter 3.3 points out, business actors aim to characterize the problem of climate change differently than governmental actors, which makes them more likely to choose other than pure support response strategies towards the governmental regulation. Their criticism towards government regulation is more a rule than an exception and part of the influencing strategy of business actors.

States are unlikely to make regulation that would be bring benefits for all – or only very few – industries. The way regulation turns out is always a compromise, in which various interests have been taken into account. Although business actors do understand the need for regulation in the case of climate change – e.g., creating the market for carbon-free energy production or a global price for carbon – they prefer regulation that creates opportunities to regulation that brings hindrance. At the heart of large Finnish business actors' discourse in climate politics lies the freedom of making business and sustaining the status quo – or at least the existing rules for possibilities to do business:

> [I]f the legislator, for example, would make the regulation…which would, for example, say that no, from tomorrow onwards [this] is no longer valid, or from the beginning of the next year… If there are no technologies and opportunities then also all the development stops for the meantime. Alternatively, the firms will note that no can do, we will continue to do these old [technologies]…, as there is no incentive to develop [something new] since too significant changes are required right away. We do not have time to make such a change; it is no use to invest in the current technology and, besides, our old investments were also just wasted with this

> regulation… I do not believe that any responsible politician would like to end up in this kind of situation but wants the development to be steered on a path that is possible.[112]

It is revealing that the only regulatory activity that gets unanimous approval from various Finnish business actors is the system of Voluntary Energy Efficiency Agreements.[113] For the interviewed business actors, the system was a prime example of functioning cooperation between the state and business actors. The fact that business actors have taken a support response strategy towards voluntary energy efficiency system is well in line with the earlier studies that confirm business actors' preference for voluntary initiatives and activities (see, e.g., Falkner 2008; Pinkse & Kolk 2009). Through the voluntary system, Finnish business actors have secured (hedged) themselves against a binding legislation of energy efficiency improvements, as long as the situation mostly stays satisfying for both the business and governmental actors.

Other, more binding legislative processes coming from the EU climate policy framework, have not gained similar overarching approval. A case in point in 2012 was a somewhat heated debate about the incompatibility of the different binding targets in the EU 2020 climate and energy framework. Business actors criticized combining the GHG emission reduction target, renewable energy target, and energy efficiency target into the same framework, as the targets together can be contradictory.[114] Not even all the ministry representatives were keen on the fact that all these targets were binding.[115] For business actors, the contradictory character of the targets was just another suggestion of the irrationality that the state or the EU regulation can have.

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[112] [J]os lainsäätäjä esimerkiksi sellaista lainsäädäntöä tekisi… joka vaikka sanoisi, että ei, huomisesta lähtien [tämä] ei enää kelpaa tai ensi vuoden alusta... Jos ei teknologioita ja mahdollisuuksia ole, niin sitten loppuu kaikki kehittäminenkin siksi aikaa. Tai siis yritykset toteaa, että ei voi mitään, tehdään sitten näitä vanhoja [teknologioita]…että ei ole insentiiviä kehittää [jotain uutta], koska edellytetään liian isoja muutoksia heti. Ei kerkeä sellaista muutosta saada aikaiseksi, eikä kannata investoida tähän nykyiseen teknologiaan ja sitä paitsi meidän vanhatkin investoinnit meni just hukkaan tuolla lainsäädännöllä…Mä en usko, että kukaan vastuuntuntoinen poliitikko haluaa tällaiseen tilanteeseen päästä, vaan haluaa, että sitä kehitystä ohjataan, mutta sitä ohjataan sellaisella polulla, joka on mahdollinen. (Representative of a firm.)

[113] The system has been in place since 1997 and was developed already at the beginning of the 1990s (Motiva & Kauppa- ja teollisuusministeriö 2006, 2). Finland has since 2009 used the system as one of its official measures to fulfill the EU's Energy Efficiency Directive. The system helps the firms to identify the opportunities for energy savings and to get economic savings from the improvements in their energy efficiency. The system has been described more in Chapter 4.7.2.

[114] Increasing renewable energy does not automatically reduce emissions or increase energy efficiency or create energy savings.

[115] Representatives of two different ministries.

An interesting finding of the study is the way business actors behave towards each other in the Finnish context. Even though all of the firms interviewed had in some way taken climate change into account in their business strategies, they were still in different categories in relation to the costs and benefits they would get from tightening climate regulation and emissions reductions. As expected, those who had more to lose also aimed to put more weight in influencing the issue. The ones who did not encounter as many challenges or risks from climate politics and were actually in the position to be able to benefit from stricter rules and regulations were less enthusiastic to speak on a louder voice about the need for more regulation.

According to earlier studies (see, e.g., Falkner 2008; Meckling 2015), a possible reason for non-participation of firms, who would get more benefits than costs from the tightening climate policies, is the aim to avoid a business conflict with other firms and industries. An interpretation is that it shows the aim of business actors to act as a consistent group of actors – a community of practice, in which they identify with other business actors and support each other when the case is not a big deal for them. Some of the firms in the study's sample were apparently more positive towards climate change mitigation, already had advanced products and services, which could get a competitive edge from stricter climate regulation, but were still hesitant to lobby for stricter regulation. At least they were less eager to lobby for it, as those who had more to lose were to oppose it. This perspective came up especially in how the firms benefitting or not losing from climate politics reacted to the positions taken by the EK, which represents all[116] industry sectors in Finland and, hence, commonly takes a more cautious approach:

> The EK has then been somewhat more difficult if we think about how broad it is... [P]articularly in the climate politics we have had small, small challenges to stand in their row, since their opinions have sometimes been somewhat harsher than what we need to say. But then [we] … very rarely take a strong stand on the issues that might be significant for some other industry sector, so, if it is not significant for us, then we usually do not shout very loud [about it].[117]

In the interview quote, the interviewee does not explicitly say it but it is easy to read in the context that the significance of the climate policy for some industries

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[116] Except oil industry

[117] "EK on sitten vielä jonkun verran hankalampi jos ajatellaan, että vielä laajempi se… on… [E]rityisesti tässä ilmastopolitiikassa on ollut pieniä, pieniä haasteita seisoa EK:n riveissä sitten välillä on olleet heidän mielipiteensä sitten kuitenkin jyrkempiä kuin mitä on meillä tarvetta sanoa. Mutta sitten [me]…hirveän harvoin lähdetään sitten ottamaan voimakkaasti kantaa sellaisiin asioihin, joka saattaa jollekin muulle teollisuudenalalle olla merkittävä, niin jos ei se meille ole, niin me ei sitten yleensä lähdetä hirveän kovaa huutamaan [siitä]." (Representative of a firm.)

means its economic significance, i.e. costs that a stricter regulation would bring to them. According to Grant (2011, 202), the BusinessEurope faces similar critic on the EU level that the EK has faced in Finland in regards its statements in climate politics that have been very general and lacked specific measures and policy suggestions. Thus, it has not been able to show strong leadership on the issue to promote European climate policy agenda from the business point of view.

At least three possible explanations for the kind of business actors' behavior can be raised. First of them is the self-preservation: if one has little to lose (or gain) in the issue at hand, it would be irrational to attack or challenge those who have more to lose. It could have a counterproductive outcome in another situation, in which one would then not get the support of others in a policy matter important for one's business. Secondly, firms, in general, oppose having more governmental regulation and prefer the use of market mechanisms in solving problems of externalities like climate change (See, e.g., Haufler 2001). Reasons for this are not only ideological but also grounded on experience. Standard explanations of opposing governmental regulation over market mechanisms include the lousy quality of regulation, which refers to the lack of technical expertise of governmental actors. Rules and laws might not be consistent or well thought, in a sense that they can have built-in defects, which are not considered before enforcement and which can create serious problems later. Along with the quality of the regulation, business actors easily assume unfairness of governmental regulation compared to market mechanisms. The ones who benefit and the ones who lose can be already decided in a political process, not by a fair competition on markets, which business actors commonly prefer. However, in the case of energy transitions, the fair competition on markets usually does not work out as well as in other cases.[118] The effectiveness of governmental regulation can suffer from short timespans, if the regulation is changed in short intervals depending on political balance in the government. A short time span creates a problem for business actors who need to have a long-time perspective in their investment decisions and have to be able to count on the regulatory framework to stay quite stable to be able to make profitable investments. This matters in particular in energy production where substantial capital investments usually are made for decades.[119]

Finally, laws that do not get enforced but remain only on paper can also create problems for law-abiding firms. Some Finnish multinational firms have encountered this particular problem in less-developed countries: Various laws, which are not

[118] I thank prof. Pami Aalto for making this point.

[119] Representative of an industry federation.

enforced, exist, but since these firms claim to operate according to the laws of each operating country, they do not have much choice if they want to be consistent. Problems arise from the fact that competing with firms, which do not follow these laws, might be difficult and expensive.[120] Business actors agree that some public regulation is always needed and they gain a lot from well-functioning public sector. Both society and markets only work properly because of well-functioning rules and laws. These not only protect the private property of firms but also offer them a safe operation environment, transparency in the decision-making, and rules, on which they can count.

A conclusion could be that firms who would have more to gain in stricter climate regulation but who still are not actively pushing for it, do this because of the fear that the regulation might not be good quality and might end up not to be beneficial but even harmful for the firm in question. How the regulation turns out on the national level is always a result of a political process where interests of various actors are weighted together. The firm in question might not have enough leverage in the process to be able to ensure a good outcome. In addition, if the current norm context – or regulatory pressure – is not pushing the firm to engage and promote the question in political sphere actively, it is not worth putting the resources of the firm in that question. The benefits that the firm would get from a more active approach are related to the topicality of the issue: consumers are more aware of topical issues and, e.g., behave more climate-friendly way when the issue is high on public agenda.

[120] Representative of a firm.

5.6 Differing Interests of Business Actors in Transition to a Low-Carbon Society

The interests of Finnish business actors in climate politics, briefly mentioned in earlier sections, deserves sustained attention, in particular regarding what the actors seek with their various response strategies and practices as well as at what pace and in what direction they aim to steer climate politics.

According to the constructivist approach, institutionalized norms, values, and ideas constitute the identity of actors in society, which in turn shape their interests. The analysis revealed that business actors in Finland have identified themselves as technological or economic experts to, as well as the partners of, governmental actors who, in those roles, seek to provide solutions to societal problems, including climate change. Constituted by various positive roles—expert, partner, and solution provider—the identity make it impossible for them to feign ignorance of significant global problems such as climate change. After all, expert solution providers cannot claim that they do not know how to solve the problem or are uninterested in doing so.

Literature addressing transitions to environmental sustainability has often overlooked or underestimated differences in power and values among actors in society (Patterson et al., 2015, 11). Consequently, how the norm of global environmental responsibility relates to norm of market-based capitalism in business actors' social realities remains unclear. What is clear, however, is that those norms represent both change and continuity. By now, nearly all actors in society have recognized that mitigating climate change requires transformative changes in how society operates, though just how transformative such changes need to be remains controversial. Business actors have to protect their business interests, which vary from sector to sector and from firm to firm. Those differences inform debates about what the problem is exactly, what solution represents the so-called "right thing to do," and what means of action are appropriate in response, as well as who should determine the appropriateness of those means of action.

Because business is an integral part of capitalist society, it is no wonder that business actors cannot see beyond the market system any more than governmental actors can, and neither kind of actor anticipates radical change in that system in the near future. As the political response strategies of large Finnish business actors have demonstrated, the pace of such a transition has been and will likely continue to be somewhat incremental. As indicated by the representatives of those business actors,

the norm of global environmental protection and mitigating climate change in Finnish policymaking have not superseded the requirements of the norms of market-based capitalism and economic growth. The capitalist market system in which business actors aim to grow, accumulate capital, and create profit for shareholders is the reality in which business actors operate, and though ways to generate profit might change and differ, the goal has not changed and, in their social reality, does not seem to be changing.

In capitalist societies, businesses are necessary for several purposes. They not only materialize to solve problems or to fulfill social demands for different products and services but also provide jobs for people. They moreover create profit for their owners and shareholders, as well as for the state, at least with the taxes that they pay. Although the ultimate aim is often to support the well-being of some parts of society, that aim can conflict with the need to protect and enhance environmental well-being. Resolving environmental problems continues to be a political struggle within the realm of economic activity. It remains unclear how business actors can accommodate the exceptionally widespread, overarching problem of climate change. Should environmental problems be treated as externalities, each with a price on the market so that it can be acknowledged and solved or whether nature has intrinsic value according to which it should be managed in all situations?

From a slightly broader perspective, however, business actors understand that the transition to a carbon-neutral system, be it a low-carbon economy, circular economy, bioeconomy, sustainable society, or something else, is impending. In any case, the transition will be transformative, especially for energy-producing and energy-intensive industrial sectors. Fearing that radical change will upend markets, stifle growth, and negate benefits currently enjoyed, traditional business actors would prefer that established rules of conducting business, regulating markets, and fostering growth continue to be observed during a gradual transition of several incremental steps. Promoting a business as a solution to climate change and a willing part of that transition thus informs part of the response strategies that business actors have adopted.

The rationale for preferring a gradual transition was aptly described by an industry federation representative as the need for an all-wheel brake system. After all, the first instinct of most business actors is to resist change but meanwhile ensure that the business is prepared for its inevitable occurrence. In that sense, it can be encouraging to conceive that the norms and values of capitalist society—continuous growth and technological advancement, along with improved employment rates and welfare—force all actors, including business actors, to approach climate change as a problem

to be solved and as an opportunity instead of a risk. At the same time, assuming that arguably overoptimistic stance could be less preferable than reducing the risk.

However, the appropriate behavior for business and governmental actors in Finland in response to climate change has become to treat the problem first as an opportunity and second as a risk. If an actor wants to be taken seriously during a debate over climate change, arguments of risk and cost always have to be balanced with the priorities of business and the opportunities for profit that climate change affords firms, industries, and even the nation. Accordingly, the accepted, appropriate discourse on climate politics must always involve opportunistic thinking, even in terms of seizing climate change as a business opportunity.

Nevertheless, business actors alone cannot resolve or mitigate climate change with their business-oriented solutions only, for all actors in society need to participate. During interviews, business actors also acknowledged that their discourse on climate, in which each actor—government bodies that supply regulation, business actors that supply technical solutions, and consumer–citizens that change their behavior—plays a certain role. For businesses, the solution to climate change lies in the market system, for they trust its capacity to afford the necessary mechanisms for such a solution as long as regulators—that is, governmental bodies—ensure that the system functions and accounts for the price of adverse effects upon society and the environment. The real problem of curbing climate change, according to business actors, thus resides in insufficient regulations and indifferent choices by consumer–citizens more than in solutions offered by business actors or in the goals of capitalist society.

Societies continuously transition from one state to another, during which "'battles of institutional change' can take place, but the processes and implications of such disruptive change are little understood" (Patterson et al., 2015, 8). Business actors engage in such a battle in climate politics even when they seem to manage economic and environmental problems independently of each other. As Patterson et al. (2015) have articulated, a reason for that dynamic might be that "[t]ransformations are likely to be inherently political and contested because different actors will be affected in different ways, and may stand to gain or to lose as a result of a change. For example, the urgent need for global transformation via decarbonisation of energy systems is promoted and resisted by different actors in a wide variety of ways" (p. 6).

Clearly, depending on its direction and pace, the societal transformation necessary to mitigate climate change will affect different business sectors and firms in different ways, and such variation warrants consideration when examining how different business actors define concepts and practices related to climate politics. As evident

throughout the material analyzed in the study, various goals have guided the political responses of business actors in climate politics, whose social realities are inevitably informed by the economy and its developments. Indeed, the current construction of the capitalist system establishes boundaries for profitable business operations that firms need to survive.

A key norm of the current market system is economic growth, which business actors have to pursue, if not advance, in one way or another. The increasingly voiced discourse of sustainability in which business actors have participated, however, has not questioned the growth paradigm but only touched upon enhancing the quality of growth and disentangling it from the use of resources and GHG emissions. That extent is the furthest that firms operating in the system will advance in innovating their businesses according to the aims of resource use and energy efficiency and in updating their business strategies accordingly.

Although business actors in the study's sample were aware of the transition that climate change poses for the current economic and political system, they did not express a shared perspective on the direction and pace of that transition, to say nothing of how their perspectives differed from those of non-business actors in society. Contention over what the transition will involve, as well as over its direction and pace, represents a critical development in climate politics, both at present and for the future. For business actors, it is ideal to both change their businesses quickly enough while maintaining the current system long enough, both to accommodate the transition in their firms' practices and outcomes. To those ends, they need to forecast the direction and pace of the transition as accurately as possible.

Although current policymaking and business practices, along with the norms of society, continue to maintain the status quo, climate change clearly forces firms and their industry federations to change those practices at all levels. Even if the transition is inevitable, considering that the future of the humanity and thus the future of all business actors depend upon it, such transformative change is a monumental task. Because no one knows precisely what kind of change is needed, it is therefore more convenient to protect the status quo. Whereas the rules of today are known, the rules of the future are not and, in turn, could harm all business actors that cannot influence their establishment. For such actors, that possibility is a major reason to stay in the game and behave appropriately.

6 CONCLUSION

6.1 Summary of the Analysis

To conclude the dissertation, this chapter highlights the findings of the analysis and answers to the research questions. The first section summarizes the findings from Chapters three to five. The second section points out the answers to the research questions. Finally, the third section critically ponders about the choices of theory and methods and their implications for the findings, as well as also identifies themes that are left for further studies.

6.1.1 Understanding the Problem of Climate Change

As shown by the various characterizations of the problem of climate change presented in Chapters 3 and 5, conceptualizing the nature of climate change is essentially political, for it at once includes some possible solutions and excludes others. On the one hand, to be able to respond to climate change, business actors need to understand how governmental actors conceive the problem; on the other, they need to form their own conceptualizations to stake out ground in the political debate about mitigating the problem. In multilateral climate governance between states, climate change represents a global problem of (excess) greenhouse gas (GHG) emissions. However, as the analysis revealed, business actors, even when in agreement with that characterization or when using it in their discourse, understand the meaning of *global* differently. In that sense, defining familiar concepts in international climate politics differently has been a discursive practice of business actors, who generally interpret *global* to mean a level playing field around the world for all businesses and industries.

Indeed, business actors in Finland and elsewhere have widely adopted the storyline of the global level playing field, the significance of which lies in its fulfillment of all three characteristics that Hajer (1995, 62–63) suggests are important for a storyline to function. First, the storyline's easily understood metaphor of the world, or globe, as a level playing field reduces the discursive complexity of the

problem of climate change and creates possibilities for solving it. As such, the storyline suggests arguably easy global solutions to the problem (e.g., a global price for carbon) that, in turn, suggest common rules to make its solution feasible. Second, and by extension, the storyline of the global level playing field imbues debates over how to contain climate change with a certain degree of permanence, chiefly by creating mutually accepted, widely applied understandings of what thus seems to be a coherent problem and rationalizes a specific approach in response. Third, storylines such as the global level playing field, given their wide use, expand the competence of different actors—in this case, business actors—beyond their own expertise and experience regardless of their industrial sector. Finnish business actors have adopted the storyline, for example, to emphasize why local action in Finland or in the European Union to counter climate change is not worthwhile as long as such action is not taken worldwide. The global level playing field storyline also supports the ratification of a global climate agreement that most large Finnish business actors advocate. For them, such an agreement would mark a step toward common rules and opportunities for businesses to exploit the solutions that they have already developed in their domestic economies. Furthermore, if mitigating climate change means exerting a global effect, then the costs should be distributed more widely, and in turn, actors in the European Union would not need to shoulder the sort of disproportionate costs proposed in the approach of EU leaders and criticized by business actors.

Instead of conceiving climate change as a universal problem, as states in multilateral climate governance do, large business actors consider *global* to mean common rules for all business actors, regardless of their country of origin or the state(s) in which they operate. Thus, in business actors' social realities, *fairness* does not mean fairness among states or in their development but fairness among businesses operating in different countries. Business representatives in the study's sample also used *fairness* to mean fair regulation and the right kinds of regulatory frameworks, both of which are empty signifiers and storylines in climate change discourse. Mobilizing those concepts, business actors have been able to conceal conflicts among different industrial sectors. Commonly, fair regulation for business actors means it is predictable and enables fair competition between firms worldwide but more complex and commonly held definitions for the concepts are rare. More often than not, they seem to refer to the license of all firms and industries to conduct business.

The conceptualization of climate change as a global problem stemming from GHG emissions leads to a collective action problem, negotiations in response to

which promote splitting costs today to enjoy diffuse benefits later. Since such negotiations also take the developmental status of countries into account, the result is a system in which, from a business perspective, the most efficient business actors do not receive just desserts for their efforts to reduce GHG emissions and thus experience a lack of fairness as an effect of climate policy. To avoid so-called "carbon leakage", the distribution of the costs of climate politics is pivotal for Finnish and European business actors who are subjected to larger costs than their competitors in countries that have not adapted emissions reduction targets as strict as those of the European Union. Consequently, at least according to business actors in the sample, the only way to inhibit climate change is for all states with significant emissions to participate, not only EU member countries. Characterizing climate change as a global problem stresses the importance of global action in business actors' responses to regulatory initiatives. In business actors' social realities, however, the costs of local or regional measures to reduce GHG emissions are less acceptable if similar measures or costs are not demanded from all significant emissions producers. As a result, business actors in the European Union commonly support exporting the same level of regulation, i.e. "regulatory export" into other regions and international arena, which also encourages the European Union to take leadership in global climate politics.

Among the most common framings that business actors use to describe climate change is market failure. In response, they argue, introducing a global price for carbon could reduce emissions and, in turn, counter climate change. Such a price for carbon could be introduced via market mechanisms such as emissions trading, in which business actors operating in the European Union have gained much experience. One of the most significant problems for Finnish and European business actors, however, is the sheer lack of such a global market mechanism that would introduce common rules for all and relieve the competitiveness challenge. In terms other than market failure, business actors in the sample also framed climate change as a problem of inefficiency. Since excess GHG emissions result from the inefficient use of energy and materials, a solution could be improving efficiency, which most business actors are liable to favor because, simply put, improved efficiency can reduce costs. For firms that develop efficiency-improving products and services, demand for higher efficiency can also create new markets. However, business actors' responses to calls for greater efficiency varied; for firms that have already improved efficiency, finding new ways to do so can require expensive measures, and consequently, they are likely to point out the problem of inefficiency in the operations of other business actors.

Along with responding to state-issued policies and their inherent conceptualizations of climate change, business actors in the sample actively engaged in transnational climate governance in various initiatives of their own and in cooperation with other nongovernmental or intergovernmental actors. Such initiatives involve maintaining membership in organizations for sustainable businesses, reporting emissions via standard protocols, participating in the development of sustainability indexes, improving firm-level efficiency, and preparing to meet emissions reduction targets. Although climate change is also considered as a global problem in transnational climate governance, the definition of the climate change problem therein differs from the one in multilateral governance. Starkly different kinds of politics, actors, and rulemaking practices are involved in the transnational climate governance sphere, which Hoffmann (2013) has described as "policymaking without polity" (pp. 12–13). Transnational climate governance understands climate change problem as "a global problem of transformation towards decarbonization" in an exceptionally general understanding that can mean "multiple actors working towards multiple goals" (Hoffmann 2013, 14). Though such a definition offers more tools for policymaking, it also risks decentralizing and fragmenting the global response to climate change (ibid.).

In the sampled Finnish business actors' response strategies in climate politics, the transnational climate governance's understanding of the problem of climate change has manifested in activities in which the actors participate voluntarily, including the various mentioned climate-oriented initiatives. The understanding that a major transition is needed to tackle the problem of climate change has also appeared in the visions of the future that Finnish business actors, especially representatives of industry federations, have applied in their lobbying strategies and goals to influence traditional policymaking both domestically and internationally. They expressed understanding climate change as a problem of transitioning toward something new, be it decarbonization, more efficient production, or a bioeconomy, and framed their products and services as a part of the solution to the problem. As various other international business actors have done, Finnish business actors have positioned themselves as solution providers to the problem of climate change and self-identified as partners of governments and experts in economics and technology. If climate change is a problem of inefficiency, they argued, then products and services that improve efficiency for users are part of the solution. Alternatively, if climate change is a problem of transitioning toward a bioeconomy, then using more forest-based products instead of fossil fuels is part of the solution.

6.1.2 Historical Context of the Climate Politics and Environmental Discourses

Chapter 4 historicizes and contextualizes findings determined inductively from the research material in order to answer four questions. First, how have business actors become political actors in climate and environmental politics? Second, what environmental discourses steered politics at the time, and how did they help business actors to become actively involved? Third, what developments have prompted business actors to frame themselves as solution providers instead of troublemakers? Fourth and last, what contingent practices have historically made seemingly given social facts possible, and what has influenced specific social contexts?

The prevailing environmental discourses that have steered environmental politics since the 1970s and influenced how business actors became cast as political actors included ones emphasizing limits to growth during the 1970s and 1980s, sustainable development since the late 1980s, and ecological modernization slightly later. Most recently, the discourse of green growth has enhanced the possibility of business actors to participate in climate politics in various spheres of policy. Unlike radical green and limits-to-growth thinking, sustainable development and ecological modernization have not questioned the need for economic growth in reaching developmental and environmental goals. The green growth discourse, by some contrast, has further emphasized the central aim of integrating environmental and economic ambitions. As neoliberal economic thinking began to gain ground in the 1980s, it became more acceptable to endorse the compatibility of environmental protection and economic growth, and the belief that technological development would solve environmental problems and expand limits to growth helped to portray business actors as solution providers instead of troublemakers. Discourses of sustainable development and green growth created more space for business actors as the chief actors in the market who, under the current rules of the capitalist system, depend heavily on continued economic growth. All of those discourses have moreover influenced discursive practices—that is, storylines and concepts—that business actors have been able to use to advance their interests and helped business actors to represent themselves as economic and technological experts needed to solve the challenges of achieving sustainability.

Alongside the development of environmental discourses, particular historical events have influenced how business actors became political actors in environmental and climate politics. Such events first increased the regulatory pressure that business actors experienced and, in turn, generated new practices and venues for their

participation in climate policymaking. The events included the Rio Conference in 1992, the signing of the Kyoto Protocol in 1997, the publication of the Stern Review in 2006, the issue of various IPCC assessment reports since the 1990s, and the disappointment of the Copenhagen Climate Conference in 2009.

In particular, the Rio Conference catalyzed the participation of business actors in international environmental politics and enabled them to engage in the debate over what sustainable development involves. Although casting business actors as the partners of governments in solving various societal problems dates back to the Rio Conference, not all business actors in the 1990s agreed about supporting action to mitigate climate change. A notable example of structured resistance was the GCC, which represented the interests of fossil fuel industries and whose dissolution in the early 2000s signaled that a more significant normative change was occurring among business actors, especially in Europe. The adoption of the Kyoto Protocol, by extension, indicated to businesses that governments were ready and able to use regulation to curb climate change and that businesses should be prepared to respond to unprecedented regulatory pressure. Various business actors have since changed their political responses from direct opposition and denial of climate science to more active response strategies, through which they aim to steer the climate regulation.

One of the political response strategies from business actors has been to create voluntary initiatives and agreements that demonstrate that they take climate change seriously but at once permit them to engage in policymaking and prepare for compulsory regulation on the horizon. The WBCSD exemplifies such a business organization, membership in which has been a part of a political response strategy for business actors to both climate politics and issues of sustainability in general. The WBCSD has generated discursive and other practices through which large business actors have been able to engage more in environmental and climate politics both internationally and domestically. For example, framing business actors as solution providers instead of troublemakers was an early effort of the organization that has since gained ground in business actors' environmental discourses worldwide. The WBCSD has also been influential in discursive practices seeking to legitimate private governance initiatives, through which business actors have become rule-makers in environmental and climate policies in various spheres. The WBCSD characterizes climate change as a problem of market failure and inefficiency, as well as a manufactured risk that can be solved with technological innovation, increased eco-efficiency, and a global price for carbon. The WBCSD has used the failure of state-centered multilateral climate governance to produce an effective response to climate change in validation of business actors' voluntary initiatives and their more general

role as partners, experts, and solution providers in mitigating climate change. It has also emphasized the role of markets and economic growth as parts of sustainable development and pointed out that business actors' core interest of generating profit has not been jeopardized when businesses participate in efforts to promote sustainable development.

In EU policy, ambitions for global leadership in climate policy have pushed European and Finnish business actors to engage more in debates about mitigating climate change as well as actual climate-oriented policymaking at various levels. Developments in the global economic situation in the late 2000s and early 2010s have particularly affected the emphasis on green growth and economics over environmental concerns. Climate politics has been a strategically important sphere of policy for the European Union since the early 2000s. Not only has environmental protection ranked among the critical drivers of European integration, but European dependency on oil and gas imports has also elevated the role of energy security related to efforts to contain climate change. Moreover, climate politics has allowed the European Union to reinforce its role as a global leader through the use of soft power via diplomacy and persuasion. For business actors in the sample, the development of EU ETS marked the most influential case, the creation of which was a controversial process that Finland and most Finnish businesses opposed. However, once the system was established, business actors reported considering it to be the primary market mechanism for mitigating climate change. For them, emissions trading is also a system that should be globalized to reach a global price for carbon.

In Finnish energy and climate policymaking, the government, in particular its two major political parties and key ministries, has been the most influential public actor along with the European Union during the 21st century. Significant policy decisions affecting allowable means of energy production have been central in preparing energy and climate policy. Among the key decisions that have influenced the development of Finland's climate policies has been that which delegated the responsibility of developing energy- and climate-oriented strategies to the Finnish Ministry of Employment and the Economy instead of the Ministry of the Environment. Such action has facilitated business actors' access to energy- and climate-oriented policymaking, results of which have been policy decisions in the 2000s, including the approval of three additional nuclear power production facilities in Finland. Climate policy has thus served as an argument for many supporters of nuclear power, who have particularly rationalized the need for more nuclear power production given the necessary electrification of society once fossil fuels become

banned or obsolete. A recurring topic in debates about energy policy between Finnish political parties in the 2000s was whether to support the use of domestic peat in energy production. Among Finland's few domestic fuels, peat and its use as fuel has sparked controversy, in which environmentally and climate-friendly arguments have opposed actors emphasizing peat's role in regional development, local energy production, and domestic security regarding energy resources. Other struggles in Finnish energy and climate politics have revolved around decisions concerning the means of renewable energy production and its support systems. Due to the abundance of forest in Finland, biomass has been the primary source of renewable energy production in the country, and since the mid-2000s, with the help of EU decisions, biofuel production has gained a more prominent place in Finnish energy and climate policy. It has since evolved into a leading technological innovation and source of knowhow among Finnish business actors. However, a controversy over the use of forests in Finland has been on rise in the 2010s. Policy for taxing energy use, including the energy tax cutter for energy-intensive industrial facilities introduced in 2012, and the avoidance of the windfall tax for energy producers that profited from creating the EU ETS system were major victories for the business lobby in Finnish energy politics in the early 2010s. Last, shifting norms in attitudes toward mitigating climate change in the international political arena was also clear in Finnish government programmes from 1999 to 2011.

6.1.3 Political Response Strategies, Identity, and Interests of Large Finnish Business Actors

Chapter 5 focuses on the analysis of the political response strategies, identity, and interests of Finnish business actors from 2008 to 2012 and answers the research questions posed at the dissertation's outset. The answers to those questions are more saliently articulated in what follows in section 6.2. The analysis focused on 2008–2012 because interviews occurred in 2012. In hindsight, 2012 fell between the Copenhagen and Paris Climate Conferences and thus between disappointment and breakthrough amid great uncertainty in international climate politics, when it remained unknown whether an international agreement would ever materialize or whether the problem required a different solution, which clearly influenced the themes of the interviews.

According to Meckling's (2015) general model of how business actors form response strategies, two critical issues that business actors consider are the costs and

benefits of policies and the regulatory pressure that they will face in their operating environments as a result. The findings of the study suggest that large Finnish business actors have experienced generally high regulatory pressure, as clarified by business actors who highlighted that opposing climate politics would do more harm than good for their operations and that a more influential strategy would be to present their and their industries' perspective on the topic and possible future developments. Another finding underscores that the norm of taking climate change seriously increasingly gained footing in Finland during the 2000s and early 2010s.

Overall, the predominant political response strategy from the sampled Finnish business actors has been hedging. In particular, the industry federations have responded with a strategy that aims to protect licenses to operate and secure a level playing field for all of their member firms. Such federations typically represent a large number of firms that benefit as well as suffer from more stringent climate policies. However, for the firms themselves, other response strategies, including support and non-participation, are also available, since they are free to choose their business strategies in line with the benefits of climate policies. Due to high regulatory pressure, as well as pressure to take climate change seriously, Finnish business actors have not used opposition strategy in the realm of climate politics, even though they have adopted some opposition tactics from international business actors as part of their hedging strategies. The GCC, for instance, questioned climate change science and emphasized the economic costs of curbing climate change, as well as the need for global participation in such mitigating efforts, as the major parts of its oppositional strategy. In Finland, though business actors have not questioned climate change science, they have emphasized the economic costs of curbing climate change and called for global action as ways to influence decision making about climate policy.

The analysis underscored three discursive practices that Finnish business actors have deployed in their response strategies and in constructing their identity in climate politics. The first discursive practice, already described in section 6.1.1, is the use of concepts of global and fair as well as storylines of the global level playing field and the right kinds of regulatory frameworks. The second discursive practice of Finnish business actors is to frame themselves as providers of solutions to climate change and thus avoided being cast as troublemakers. That strategy has not only challenged traditional discourse about the role of business actors in environmental politics but also legitimized the role and participation of both Finnish and international businesses in climate politics. Oftentimes, business actors have been framed as solution providers for various societal problems, thus following the same framing

also for climate change problem has seemed a natural path. Solution provider frame is associated to the expertise that business actors are considered to have in technological and economic issues. The sampled Finnish business actors used the solution provider framing in various ways. In particular, they used it in marketing their products, services, knowhow, or investments as solutions to the problem of climate change. A trend of such solution-oriented lobbying became clear in various forecasts published by Finnish business actors at the turn of the decade that depicted the role of industry in the coming transition toward a more sustainable, carbon-neutral society. This solution provider framing closely connected to business actors' need to frame climate change as a business opportunity instead of a risk. As a discursive practice, self-identifying as solution providers forms part of the hedging strategy of business actors to protect themselves from adversary regulation by emphasizing the benefits of their activities for society and their ability, often as experts and partners of governments, to support solutions for curbing climate change.

The third discursive practice of Finnish business actors highlighted in the analysis was the promotion of positive messages and visions instead of merely rejecting proposals. The analysis identified three developments that have contributed to the change that the sampled business actors considered one of the biggest lessons learned in their political advocacy during the 2000s. The first one is Finland's membership in the European Union, beginning in 1995, and the second one is the rise of globalization that both have markedly changed the regulatory and operational environment of Finnish business actors. The third has been the maturing of climate change as a policy issue, which means that societal norms have changed and climate change mitigation is seen as more pressing policy issue. As business actors' former structural power has diminished, they have needed to learn to use new, more effective discursive practices – for instance, promoting positive messages and visions of a brighter future made possible by their activities – to steer debates instead of merely rejecting proposals. Articulating positive messages has not meant that business actors have agreed with all proposals, however. On the contrary, a skilled lobbyist never directly rejects a policy proposal but always furnishes a justified opinion from his point of view based on facts (e.g., rates and calculations) and descriptions of the inevitable consequences of the proposal. Expertise in technological and economic matters is another powerful resource of business actors that they do not hesitate to apply in their political advocacy. Business actors have been able to constitute their identity as experts on technological and economic development because governmental actors cannot keep abreast of all technological

trends or companies' financial situations. Thus, governmental actors have become increasingly dependent on business lobbyists for such information to guide their decision making. That dependency makes policymakers keener to listen to business lobbyists and has granted business actors more access to policymaking, albeit not always more influence.

The practices that Finnish business actors reported using to engage in climate politics fall into two categories. The first includes various voluntary initiatives, memberships in associations, and firm-level commitments, whereas the second consists of those through which business actors directly engage in official policymaking processes. According to the results of the study, activities in the first category, including participation in voluntary initiatives such as sustainability partnerships, the development of reporting tools, and firm-level commitments, are part of the political strategies of business actors. Such activities not only provide up-to-date information, pinpoint best practices, and identify sources of support from other business and social actors but also play a role in enhancing the reputation of business actors as sustainable, forward-looking organizations in addressing environmental and climate-related problems. By contrast, the second category of practices are those through which business actors engage in governmental actors' processes of preparing policy. Such practices range from the official to the unofficial, among which participating in working groups, preparing information, and maintaining direct contact with policymakers are the most important. As expected, the practices of national industry federations have differed somewhat from those of firms. The role of Finland's industry federations is to protect the interests of the industrial sectors that they represent and to focus on more significant entities as well as particular laws and regulations that might influence the business operations of the sectors. By contrast, firms engage in lobbying efforts only when they have particular business interests to protect. At the same time, the level of their involvement differs depending on the development of the issue that the policy addresses and size of the company. Large multinational corporations, for example, can engage earlier in the particularly critical regulatory cases at the EU level. Some practices by which the sampled business actors have engaged in policymaking processes have emphasized their identity as partners of governments and experts in economic and technological matters that governmental actors seek to harness in formulating policy.

The interviewees indicated that particular to Finnish climate politics are low barriers, easy access, the openness of society, close cooperation and information sharing between government and business actors, and an exceptionally small elite class formed by various organizations. That elite class includes many large business

actors, in particular industry federations and some of the largest firms in energy-intensive and energy-producing industries. In that context, the appropriate behavior in Finnish climate policymaking is to emphasize rational, responsible approaches, often in connection with engineering logic (i.e., technological expertise). The meaning of those characteristics can also be considered in relation to popular discourses on sustainability and green growth. In any case, they seem to particularly point toward a technology-centered worldview that believes in continued progress and mitigating climate change by way of innovation and efficiency.

Finnish business actors form a tight-knit community of practice in climate politics that emphasizes similar discursive practices and aims to engage in policymaking by similar means. Another community of practice has emerged in the inner circle of climate policymakers among governmental actors and climate and energy experts within major businesses. Although the cooperation of government and business actors is close in some matters, in particular concerning ways to influence EU-level regulation, governmental actors have also criticized the predictable, static positions that traditional business actors have taken in making suggestions for policy. Scholars have recently highlighted that the traditional practice of hearing stakeholders in Finland favors (business) actors with something to lose when the system changes. The ministry officials interviewed in the study's sample pointed out that they would like to hear a more flexible message from business actors than they tended to receive at the time. Thus, even when the interests of different business actors have varied, such variation has not always demonstrated sufficient flexibility to policymakers.

Two clear cases of supporting political response strategies from business actors in Finnish climate politics have been voluntary energy efficiency agreements used in implementing the EU's Energy Efficiency Directive and the obligatory distribution of biofuels supported by some of the chief actors in the Finnish oil industry. However, the reason why hedging as a political strategy is more of a rule than an exception among influential Finnish business actors includes the fact that they commonly characterize the problem of climate change differently from governmental actors. Second, business actors fear business conflict and choose not to address issues that are not altogether important to their business interests. That circumstance has created a situation in which actors with more to lose from new regulation speak up, whereas ones who could gain from it stay silent. Another reason for those with something to gain from stricter regulation to stay silent is their likely fear of poor regulation that might ultimately not benefit the firm or firms in question. How regulation materializes on the governmental level is always a result of a political process in which various interests are weighed against each other. Thus, it might not

be as worth the time or resources for a firm that could benefit from regulation to engage in the policymaking process as it is for ones who much to lose.

6.2 Expert-Partners Solving the Problem of Climate Change to Stay in the Game: Identity, Interests and Appropriate Behavior of Large Finnish Business Actors

Articulated at the study's outset, the research questions of the study were twofold: how have large Finnish business actors constructed political response strategies in climate politics, and how has the interaction of business and political actors shaped the identity and thus the interests and social realities of large Finnish business actors in such politics? After examining the formation of identity and interests, I shifted focus to the construction of political response strategies and the idea of appropriate behavior among business actors in Finnish climate politics.

According to the constructivist approach, the identity of any societal actor is constituted by the institutionalized norms, values, and ideas in its social environment. In the analysis, I identified the increasingly salient norm of needing to take climate change seriously even when the norm of market-based capitalism continue to prevail over the norm of environmental responsibility. The norms and values of the social environment of Finnish business actors constitute their identity as partners of governments and experts in economics and technology, although such identities are not limited to climate politics but widely understood as inherent in their role in society. From that identity construction follows that business actors in the sample framed themselves as solution providers to the problem of climate change since a significant part of their identity in society is to provide solutions to various problems. This finding rises a question if it is actually business actors who have adopted the solution provider role or if it routinely falls on them also in the climate change problem, as their identity in society is to be the expert and partner of the government in providing welfare through technological and economical solutions. It can be, thus, argued that adopting the solution provider framing for their role in the climate problem is not a new invention for political advocacy but natural extension of their role in societal areas of economic welfare and technological progress.

In support of the identity of solution provider is business actors' understanding of climate change as a market failure, a manufactured risk, and a problem of the inefficient use of resources (energy and material). That framework has helped

business actors to define their products and services, as well as innovations and investments, as part of the solution to climate change, with which they have sought to ensure their license to operate and stay in business.

Also according to constructivist thought, the interests of actors arise as a consequence of their identity and are learned in processes of communication and approving their roles in society. Thus, interests are not exogenously given but endogenously generated from identity. Accordingly, the analysis concluded that the interests of Finnish business actors naturally incorporate the key interests of all business actors to generate profit and stay in business. Beyond those expected interests, however, the analysis also painted a more nuanced picture of a variety of interests connected to each business actor's identity in climate politics, including interests to protect their reputation as rational partners and experts as well as their legitimacy to act in such roles. The goal of legitimacy related to their interest in influencing policymaking by either being ahead of regulations by way of voluntary activities or being essential partners to governmental bodies. In that sense, a major interest has been to behave according to the norms of their social environment in order to be viewed as partners, experts, and solution providers. By contrast, their interest in influencing or avoiding regulation stemmed from their need for predictability in their long-term investments and, eventually, from their interest in ensuring their license to operate and survive.

The first research question, regarding the construction of business actors' political response strategies in climate politics, is analyzed in detail in Chapter 5, which reveals both discursive and participation practices used by Finnish business actors as elements in their strategies. A summary of the results of that analysis could be that, for a successful political response, the sampled business actors have found it crucial to exhibit behavior that society expects from them as partners, experts, and solution providers in mitigating climate change. How well the actors have succeeded in that endeavor is not analyzed here, though the rules of appropriate behavior can be summarized. In short, in Finland, appropriate behavior in responding to climate politics has first involved taking climate change as unopposable scientific fact. Overall, Finnish society's response to climate change has been driven by technology, and thus a rational approach mobilizing engineering logic has been appropriate from business actors as well and moreover aligned well with their role as solution providers. By taking various voluntary initiatives and making firm-level commitments, business actors have also shown their resolve to combat climate change and shored up their reputation as actors that can do so. Second, an appropriate climate policy discourse in Finland has moved toward an opportunity-

oriented approach. In 2008–2012, all sampled business actors engaged in debates about how to mitigate climate change have needed to emphasize the opportunities of actions to their business and to Finland more above the risks that mitigation measures pose to their business case or the overall market system. For business actors in the sample, that development has urged the use of more opportunity-focused arguments in the face of climate change and fewer arguments highlighting the costs or risks involved. Third and last, business actors have formed a strong community of practice in engaging in climate policymaking, which has somewhat unified their response strategies as well as muted some of the conflicting voices that could have otherwise intensified the debate.

6.3 Assessing the Research Design and Findings of the Study

This section addresses firstly the merits of the study's constructivist research design and the political relevance of the research questions and findings. Secondly, it confronts the demerits of that design and the questions that it left unanswered. Thirdly, it considers how the findings relate to general trends in literature on business actors in politics. Lastly, it points out important topics for further research on business actors' engagement in climate politics.

In general, the constructivist methodology afforded answers to the research questions. The political relevance of those questions and the study's findings lies in what they reveal about the likelihood of changes in society to counter climate change. The discourses and practices of business actors in the sample underscored that their identity and interests evolve amid their relations with other actors in society and are thus not exogenously given but endogenously evolving, as constructivist theory suggests. Societal norms change constantly due to the interaction of society's various actors, including businesses, and determine appropriate behaviors for each actor. That understanding encourages the fight against climate change because it suggests that changing norms is possible, as is influencing the identity and interests of different actors. By contrast, a rationalist–materialist research design would have emphasized the immutable character of actors' exogenously given identity and interests as well as the permanence of existing and obvious power relations and conflicts among actors. In short, applying a constructivist approach helped to elucidate societal changes in response to climate change and their sources.

Even if coherent, the "story" of Finnish business actors that unfolds in dissertation might have obscured friction or sources of conflict between Finnish

business actors, or between them and other societal actors, that did not emerge in the analyses. Those conflicts could have surfaced more easily, however, had another research design been applied. In the social sciences, the choice of research questions and research design, as well as the researcher's point of view, always influence the outcomes of the research conducted, and the study reported here was no exception. Employing a constructivist research design, the study did not focus on analyzing the material outcomes of the initiatives, policies, and other activities to mitigate climate change pursued by business actors in the sample but on analyzing changes in the identity and interests of business actors. Likewise, the research questions addressed shifts in thinking more than what such shifts might realize, which underscores constructivism's emphasis on the world of ideas instead of the material world. In studying economic actors and climate change, however, a more materially oriented or rationalist research design would have allowed the ranking of firms and industrial sectors according to their friendliness toward reducing climate change or shown changes in their impacts therein.

Even so, the theoretical approach for the study was not chosen lightly. Upon initiating the study, although I was interested in the power relations and influence of business actors in the formation of climate policy, I did not seek an answer to the question of how much power or influence Finnish business have had in climate politics. Accordingly, the findings describe the kinds of strategy that business actors use to exert influence but not their effectiveness. Using a rationalist research design, by contrast, would have highlighted different concepts and tools and given answers to different questions about the role and power of business actors in climate politics. However, I applied a constructivist approach instead of more rationalist or materialist ones simply because I found it more reliable. I considered the theory about social facts and different social realities to be more plausible than theory that generalizes actors and takes their identity and interests for granted. In particular, I wanted to understand the change of tone in business actors' discourse about climate change and their reasoning for such changes. I was also interested in testing the constructivist approach in research on business actors, as such has not been a common theoretical basis for research on business actors in politics, regardless of its potential.

The fact that researchers so rarely apply constructivism in studying business actors in politics has perhaps also influenced the general trend of literature on the topic, which often views the role of business actors in environmental politics in a negative light. The more generalizing rationalist and materialist theories that take the identity and interests of business actors as givens ultimately prioritize a viewpoint

that fails to recognize opportunities to change the interests of business actors by altering norms in society.

The study has by no means exhausted research on the role of business actors in climate politics. In future studies, it would be interesting, for example, to repeat interviews with Finnish business actors now that the Paris Climate Agreement exists, the European Union has finalized new climate legislation, and Finland has a national Climate Change Act. Pertinent questions in such research would be how large Finnish business actors have characterized those developments and what they expect in the future as a result. As a possible case, a recently prominent discourse in climate change debates in Finland focuses on the appropriate use of forests, which, though nothing new, has increasingly attracted the interest of diverse members of Finnish society given recent scientific and political developments. In those debates, Finland's forest and energy industries in particular have much at stake. A close look at business initiatives for climate governance, especially from a constructivist standpoint, could prove essential to understanding the development of the role of business actors in climate politics and opportunities that involve them therein. Accordingly, it would be interesting to study the role of smaller, more disruptive, business actors concentrating on clean technologies in Finland that not only offer solutions for curbing climate change but whose innovations can unsettle the current market system as well. By extension, research on how business actors could be better integrated into achieving the goals of mitigating climate change globally also remains imperative.

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